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- Silver. It's Time To Buy the Poor Man's Gold.
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- Why You Should Own *Both* Rare Coins and Gold Bullion Coins.
- Why Gold and Silver Investors are Turning to U.S. Silver Dollars and U.S. Bullion-Type Gold Coins.
- The 5-Year 1000% Profit Gold and Silver Coin Investment Strategy.

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August 1981/Vol. 13, No. 4

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editor's notes

The exciting transportation innovation—RoadRailer—featured in Bill Burt's March cover story has been passing its operating tests with flying colors. The photo below shows a train of the trailers-with-railroad-wheels whizzing along the rails of the Richmond, Fredricksburg & Potomac, a subsidiary of Seaboard Coast Line. RoadRailers have also been test-run on the Union Pacific, whose financial vice-president Thomas Graves called it "possibly the breakthrough the railroads need" to cut fuel costs (*Business Week,* Apr. 27).

Correction, please. In our April Trends column we reported on the efforts of business firms to set up the first private high school for blacks in South Africa. One of the participating firms was identified—erroneously—as Shell Oil Company (a US firm). In actuality, the firm is Royal Dutch Shell, the Dutch multinational. We apologize for the error.

Sam Blumenfeld's 1979 article in these pages, "Why the Schools Went Public" (Mar.), presented brand-new historical research that showed how America's thriving 19th-century private school system was undermined and displaced by what became today's public school system. Sam has expanded that thesis into a book—*Is Public Education Necessary?*—published in May by Devin-Adair. He was recently interviewed on Philadelphia radio station WCAU on the subject of the book. His original REASON article, meanwhile, has been distributed to 2,000 Idaho public school principals and administrators and university department heads in that state. It is the subject of an essay contest sponsored by the Boise-based Center for the Study of Market Alternatives. It has also been reprinted for use in economics classes at Grove City College in Pennsylvania.

More reprint requests keep coming in. The Environmental Information Center in New York has reprinted Adam Reed's "Who Caused Three Mile Island?" (Aug. 1980); it's even available on microfiche. San Francisco's Cato Institute has reprinted Murray Rothbard's "America's Libertarian Revolution" from our July 1976 Bicentennial Issue; the reprints will be used in Cato's summer seminars this year. The *Exec-u-Scope* newsletter, published by Cambridge Associates, will now be excerpting REASON articles for its 100,000 subscribers. Karl Hess's "Living in Freedom" from our 10th Anniversary Issue (May 1978) is being reprinted in Karl's new newsletter, *Survival Tomorrow.* Even our inimitable cartoon feature, Rudebarbs, is being reprinted, most recently *in Norwegian* in *Ideer Om Frihet,* published in Bergen, Norway. And our interview with economist Art Laffer (Apr.) is being translated into Swedish for the Stockholm-based magazine *Contra.*

Two of our contributing editors have made upward moves. Alan Reynolds has left his position as vice-president for business and economic research at the First National Bank of Chicago. In May he moved to Morristown, New Jersey, to become chief economist for Polyconomics, the consulting firm headed by Jude Wanniski, author of *The Way the World Works.* At about the same time David Brudnoy moved his top-rated Boston radio talk show from WHDH to 50,000-watt WRKO. The latter offered him a more attractive contract, along with a transmitter capable of reaching most of New England. Brudnoy also does a weekly interview show on WNAC-TV, writes a thrice-weekly syndicated newspaper column, and reviews movies for the *Boston Herald-American.*

—R. P.

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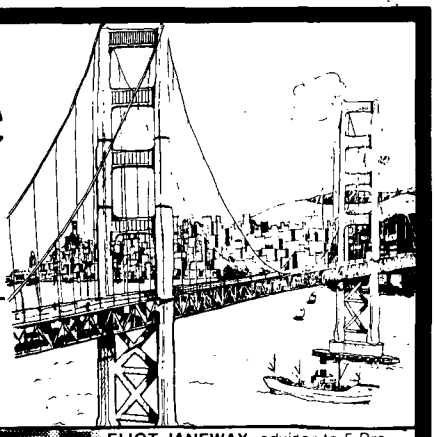

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Freedom to Suppress

editorial

We must have planned development, and the role of the media has to be planned, too. Its role must be strictly defined for maximum contribution to development. A nation in a hurry to develop is like a nation in a state of emergency: freedom to criticize must be restricted by government according to its priorities.

—Zimbabwe journalist Chen Chimutengwenda

JUST WHAT THOSE IDEAS mean in practice is made clear by recent events:

- Last November, Nicaragua's Sandinista government prohibited press coverage of its banning of an opposition political rally. Two weeks earlier the Sandinista-dominated journalists' union had voted to "condemn and repudiate" the independent newspaper *La Prensa* for daring to publish a resolution by the Inter-American Press Association asking repeal of the country's restrictive press laws.
- In January, the government of South Africa "banned" two leading black journalists and permanently shut down two black-owned newspapers. Simultaneously, the black-run government of Zimbabwe was purchasing a controlling share in that country's only newspaper chain.
- In March, Egypt's upper house issued 199 regulations governing the behavior of journalists and their publications, implementing a 1979 constitutional change making newspapers *the fourth branch of government.*
- In April, the Uruguayan government jailed the managing editor of *Opinar,* the country's only opposition newspaper, for refusing to name the source of a news story criticizing the State-run university. That same month the government of Indonesia banned all TV advertising as "detrimental to the spirit of development."
- And in June, the Jordanian government closed down for 10 days the country's largest newspaper for running an article "harmful to the public interest."

These examples shock Americans used to taking freedom of speech and press for granted. But they are examples of business as usual in the Third World. And if the elite bureaucrats of UNESCO have their way, that sort of government control and management of journalism will be extended to foreign correspondents as well as domestic journalists.

UNESCO's vehicle is something called the New World Information Order. In essence it would be an international agreement that news should be looked on as a tool for promoting "development" and "peace." To ensure that news serves these ends, UNESCO would adopt a code of journalistic ethics and license foreign journalists, thereby denying access (via license revocation) to those who refuse to toe the mark.

UNESCO has been busy putting these ideas into practice. Already, 15 newspapers have received $432,000 in UN grants to run puff-pieces promoting the idea of aid to the Third World. And a UNESCO-subsidized news service called Interpress rewrites government news releases and promotes UNESCO's viewpoint. Interpress's head favors nationalization of the press to satisfy "social needs," justifying State ownership "to assure greater social justice and self-determination."

The idea that news should be a tool of government was launched by the Soviet Union at a UNESCO meeting in 1972. In response to a 1976 Soviet draft on the subject, UNESCO appointed a 16-member commission headed by former Irish official Sean MacBride. After several years of wrangling and infighting, the MacBride Commission published a 160,000-word report advocating a "guided" press as a tool of national development, controls on international news agencies, and the especially controversial licensing and code-of-ethics provisions.

The MacBride Commission report was the focus of heated debate at a UNESCO meeting last fall in Belgrade. Although US commission member Elie Abel made an impassioned defense of private ownership of news media and strongly opposed licensing and controls, as did the British delegation, in the end only the Swiss delegation walked out. The other 153 endorsed a compromise resolution calling for further study and another conference in 1983.

Advocates of the UNESCO proposal argue that news from the Third World is dominated by four Western news agencies that are biased against developing countries, reporting mostly the bizarre and sensational. While the four—AP, UPI, Reuters, and Agence France-Presse—do generate 90 percent of daily world news flow, the charge of selective coverage is hard to support. Third World newspapers in Asia, for example, only *use* 20 percent of the 100,000 words of Third World news provided daily by the four services. And in most of the 85 Third World countries, it is the government itself that subscribes to the news services, editing and selecting what goes out to the newspapers and broadcasters.

Third World governments—even in semifree countries—are notorious in their control of news. The Malaysian government exercises total control of TV news; predictably, it is mostly bland "good news" about the government's accomplishments. Egypt's President Sadat puts it bluntly: "We cannot allow our press, which shapes public opinion, to be controlled by an individual or by an opinionated and temperamental newspaper editor. . . . No, the press is the property of the people and will remain so." In Jamaica the former government of Michael Manley—frustrated by the opposition of the independent *Daily Gleaner*—set up its own *Jamaica Daily News.* Its charter required it to promote egalitarianism, not elitism; to oppose reaction; to support the Third World in the North-South dialogue; and to support a mixed economy.

That is what a "new world information order" comes down to: control and manipulation of the news to support the objectives of elites who relish government power.

Fortunately, Western journalists are finally waking up to the seriousness of this threat to freedom. The Inter-American Press Association denounced the whole idea at its conference in Barbados in April. In May, the World Press Freedom Committee, representing 60 print and broadcast organizations from 24 countries, met in Talloires, France, and decided to fight rather than compromise any longer. And in June, US Assistant Secretary of State Elliott Abrams warned that the United States might quit UNESCO if the organization persists in trying to restrict press freedom.

"None love the messenger who bears bad news," wrote Sophocles. Nobody is asking dictators and bureaucrats to love the messengers—but it's high time they learned to live with them.

Robert Poole, Jr.

letters

The Road Not Taken

I just read your article on Amtrak (May). I found it an excellent article.

There are two disconcerting flaws in the piece. First, the statement that land grants of 1.3 million acres would be about the size of Michigan, Wisconsin, Illinois, and Indiana. Please note that each square mile contains 640 acres. An area 46 miles on each side—square in shape—contains *more* than 1.3 million acres. This would fit neatly into less than half of Ohio, or my map is all out of scale. Second, no mention was made of the fact that the vast majority of all highways in the United States were built with tax money. So, while it is true that the automobile has displaced the train as the favorite mode of travel, it would not have been so if all highways were privately built, for example, toll roads.

It looks to me like the growth system would have been entirely different in the absence of government interference. Which would be predominant today? We'll never know!

Richard W. Campbell
Houston, TX

In Jeff Shedd's article, "Amtrak: Congress's Toy Trains" (May), the question of subsidies to airlines is simply written off to "trust funds," that is, he states, "Trust Funds account for 85 percent of the federal aid to commercial air transport." I do not believe this to be an accurate statement as the federal subsidies to aviation are so hidden and disguised that even dedicated free-market economists cannot detect them.

I love trains; however, I would support the elimination of all subsidies to Amtrak provided that we, in tandem, eliminate all subsidies to aviation. Additionally, Mr. Shedd could have (and should have) written about all of the subsidies to the airlines—the very subsidies which were the nails in the coffin of passenger railroad service.

Fred Bluestone
Fort Lauderdale, FL

Mr. Shedd replies: The corrected figure for total acres of land granted by the federal government to the railroads is 130 million, not 1.3 million, as printed in the article. This is in fact an expanse of land equivalent to the area stated in the article. As to Mr. Campbell's second point, he is correct: Highway development was largely subsidized by local governments in the 1940s. Significantly, however, the interstate highway system—begun in 1956—has been built almost entirely out of user fees; thus, no real subsidies are involved. Weep not for the railroads, however. Government subsidies to the rail industry wiped out the fledgling canal system in the 1830s. My guess is that highway development subsidies merely hastened the inevitable demise of US rail passenger service.

I agree with Mr. Bluestone that airline subsidies that can be found should be ended to the extent that they are not otherwise justified. For example, tremendous breakthroughs in aviation technology occurred during the two world wars to the subsequent benefit of American commercial airlines, but surely those huge indirect subsidies were simply inevitable side effects of legitimate government activity (defense). I cannot believe, however, adding in all the hidden subsidies, that subsidies to airlines would come even close to the 12.9¢ per passenger mile to Amtrak. I would be happy to be proven wrong, however.

A Fetish for Facts

May REASON: Hurrah and boo. Hurrah for the fact-filled cover story on Amtrak by Jeffrey Shedd. And hurrah for the, as always, ultra-fact-filled column by Alan Reynolds. Boo, boo, and triple boo for the fact-free "philosophizing" that made up most of the rest of the issue. Would-be philosophers: spare us!

Bart Kosko
Los Angeles, CA

More than Economics

Please allow me to echo the sentiments expressed by my good friend Henry Thrasher (Letters, May), in congratulating REASON for its first 12 years of publication. You have truly made it into an impressive magazine. I am especially pleased with your investigative articles, such as those on the United Farm Workers, Three Mile Island, and Love Canal.

However, I do have one complaint. It seems to me that far too many of your articles, features, and columns are devoted in some way to economics. While I am pleased to see REASON being an uncompromising defender of the free market, this is but one portion of libertarian thought. As Sharon Presley put it in her review of *The Psychology of Freedom,* "Economics is not enough. Politics is not enough. Even psychology is not enough. We need integration, not compartmentalization."

I doubt if REASON is in danger of being perceived as a conservative magazine. However, I do fear that you sometimes are close to reinforcing the mistaken idea that libertarianism is just an offshoot of conservatism. I hope that in the coming months and years you will consider avoiding this potention problem by publishing a much wider range of topics and perspectives on libertarian theory and practice.

Thanks again, and best of luck in the coming years.

Paul Bilzi
Aurora, CO

The FRA Responds

We read with interest the article, "Concealed Costs/Bloated Benefits" by John Semmens (Mar.) This article discussed the use of benefit/cost analysis in determining the allocation of funds in Federal programs, particularly in the Local Rail Service Assistance program of the Federal Railroad Administration, for which our office provides regional administrative assistance.

Much of Semmens's article is based on the premise that the "free market" economy is *always* the most efficient and effective mechanism for ensuring the public good. The FRA would not agree with this premise in all situations. The Local Rail Service Assistance Program was mandated by the Railroad Revitalization and Regulatory Reform Act of 1976 (4R Act). This legislation was necessitated by the fact that a major crisis had developed in the nation's rail system while under private management. The thrust of the program was to preserve *essential* local branchlines. While there may have been some misjudgments in

(Continued on p. 55.)

brickbats

☐ **The US State Department,** working 24 hours a day to make America just a little bit better place to work and live, has developed an exciting new chemical spray formula called "essence of skunk." The exciting aerosol breakthrough will allow high-ranking government officials to sprinkle marijuana crops with a putrid scented agent which is so potent that a State Department wargames room had to be cleared for two whole working days after a successful demonstration. The chemical will serve as a "marker" to warn by smell of any drug leaf that has been previously sprayed with paraquat.

With all these federal bombers in the air, it's little wonder that Commissar Haig seeks to step up our DE-fense. But the tactics make one wonder. If the feds really, truly desired to eliminate marijuana smoking as serious competition to Seagrams 7, why wouldn't they simply nationalize the grass industry, hand them a billion-dollar subsidy, and appoint Lee Iacocca as chairman and chief executive officer?

☐ **But the Russians** will *never* be outdone. They're pretty uptight, you know, about the way The Great Right Hope has gotten real nasty about the Kremlin's Red Meanies and their unnerving penchant for Afghans and all like that, and they ain't gonna stand for this nonsense no more. So they have hurled a counter-threat to President Reagan and his staff. The Great Red Hope is now promising that if We don't cool it on this hard-line foreign policy stuff, They aren't going to let any more Jews leave. (Is this the policy that some of Mr. Reagan's more "conservative" supporters had in mind?) But roll this Soviet sputnik around on your tongue for a while: The worst, most lethal threat they can make today is a pledge that, "Okay, if you don't want to play ball, nobody leaves. Have *that* one on your conscience!"

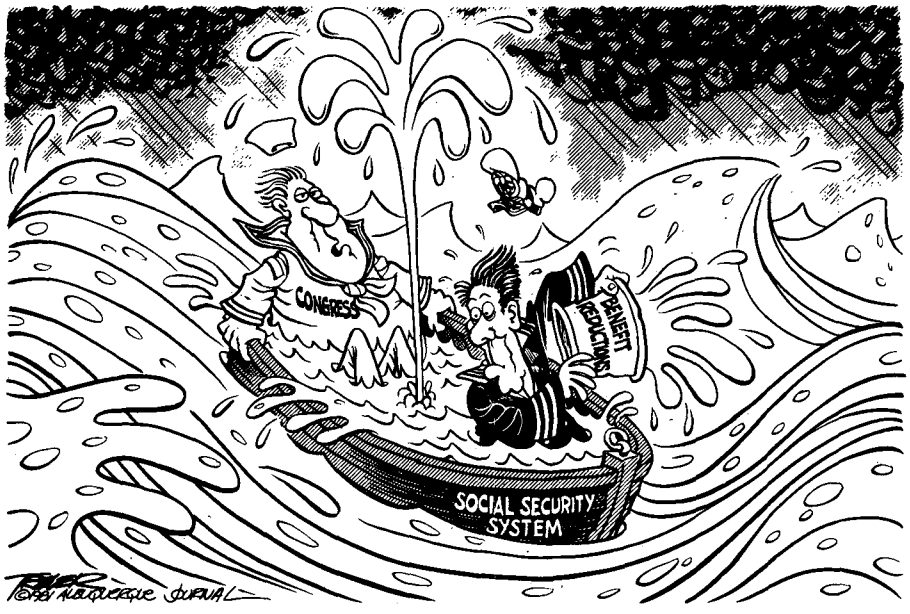
☐ **Much to your surprise,** undoubtedly, one American who hasn't gone *anywhere* lately is the highly self-touted John Anderson, one-time candidate for president on the Pious Party ticket. The part-time evangelist and midwestern congressperson has been right here, however, the whole time since his embarrassing flop in last November's laugher and has been quite active in many worthwhile causes other than counting his millions in tax loot absconded with the active assistance of the Federal Elections Commission. He has been teaching (no, not *preaching*) at the preeminent Stanford University. The course was dubbed "Congress in Transition" and attracted a healthy 576 students on opening day, April 1 (a date no doubt chosen for its significance). By the third week of class, however, an even better estimate of Mr. Anderson's awesome talents was available, and students were flocking to the lecturer's office for permission to *de*-enroll. (Half of them did.)

But there may be a brighter future for the silver-haired orator: to wit, the amazing rehabilitation of Bobby Seale. The one-time Black Panther military expert and enthusiast of the popular "Burn, Baby, Burn" revolutionary war-cry, Seale has taken to a new way of life. He is currently writing a cookbook to be entitled: "Barbecuing with Bobby." Don't burn it, baby!

☐ **Retiree Robert Acheson,** a 64-year-old man who subsists with his wife solely on their Social Security "insurance" payout, was nailed with a $1,250 penalty on the strength of purely circumstantial evidence: 400 pounds of marijuana growing in the Acheson's back yard; 300 pounds hanging on the clothesline in the garage (you really should never put it in the dryer). And the Acheson couple weren't even hooked on the fibrous weed. They raised it to pay their property taxes.

☐ **And in Phoenix, Arizona,** another lawbreaker was dissimilarly apprehended by a 77-year-old grandmother. Gladys Kastensmith awoke to the sounds of a man attempting to shove his crawling bod through her doggy door. The alert sportswoman grabbed a .38 revolver and pumped three salvos into the air. The would-be burglar scampered off, only to return through another door (maybe she had *two* dogs) and confront the elderly lady. The elderly lady, however, was waiting for him. According to police radio room supervisor John Lynch, "She had him down on all fours and told him if he moved she'd shoot him. He moved, and she said (to the officer on the phone), 'Just a minute, honey,' and then kablam!" The markswoman only had to fire the one shot to keep the intruder pinned to the ground, the position in which police found 28-year-old David Snead, still on all fours, when they arrived. They also found Mrs. Kastensmith "sitting there in her rocking chair, drinking a glass of bourbon," firearm in hand. Now *this* is just the sort of thing we need gun control to eliminate. Ban Grandma Kastensmith's hand-gun now!

—**Thomas W. Hazlett**



"I'D LEND A HAND, BUT I'M...UH... BUSY NOT ROCKING THE BOAT!"

trends

Talking Deregulation

Will the momentum of deregulation in radio, TV, and telephones let up under the Reagan administration? Many observers worry that it will, because of the appointment of Mark S. Fowler, generally considered a supporter of the established broadcasting industry, as chairman of the Federal Communications Commission. Fowler replaces former chairman Charles D. Ferris, a deregulation activist under whom the FCC stretched the limits of its authority in order to move toward free markets in communications.

Fowler has told reporters he will look to Congress to take the lead on communications policy, concentrating his own efforts on managing the FCC while taking a piecemeal approach to "junking regulations in all areas where they are anachronistic, pointless, and harmful." That means many additional regulations on broadcasting could be scrapped—but it also means that major initiatives that would threaten the status quo are unlikely to emerge from the FCC. Nevertheless, Fowler maintains, "I'm for the maximum amount of competition possible."

Whether Fowler really means that will soon be tested by the issue of direct satellite broadcasting—which established broadcasters fear as too much competition. Prior to Fowler's confirmation, however, Commerce Secretary Malcolm Baldridge sent the FCC a ringing endorsement of the new technology, urging swift approval of the application by Comsat to set up such a service. "The commission has been a leader in promoting free market competition and deregulation in telecommunications over the past decade," wrote Baldridge. "The administration supports those goals." And the following week Commerce's National Telecommunications and Information Administration submitted formal comments to the FCC urging OK of the Comsat application.

Competition with the local telephone monopoly suffered a setback in May, however. Xerox Corporation announced that it was scrapping its plan to build an alternative (radio-based) phone network—called Xten—in major cities (see "Dial D for Deregulation," REASON, Apr.). The FCC had allocated frequencies for such systems in January. While maintaining that the concept remains technically feasible, Xerox's statement said that the system's economics no longer appear favorable.

Cable TV, Sex and Privacy

It's the old problem of how far to go on television—but with a new twist. To justify their demand for some form of censorship, the opponents of explicit sex on television have always made much of the fact that TV signals go out indiscriminately to all TV set owners.

Now, though, the cries for controls are being heard over cable television's more explicit offerings, even though cable and subscription TV customers voluntarily pay for the service, and if they're offended, they can always cancel. And the customers are buying, to the extent of just under a million subscribers to "adult programming" on cable or over-the-air pay TV. In addition, over two million videocassette recorders are in use in the United States, and as much as 50 percent of videocassette movies now being sold are adult fare.

Still, Utah's legislature passed a law in May establishing strict decency standards for cable television operators. The law was immediately challenged by Home Box Office, the nation's largest pay-TV system, and four Utah stations. A restraining order was slapped on implementation of the law, and Federal District Judge Bruce S. Jenkins is considering whether to issue a permanent injunction against the statute.

Such goings-on are of great interest to the owner of a local cable system in Monroe, Louisiana, which offers softcore pornography to regular subscribers for an extra $2.95 a month. "What better place for a sex show than in the home?" Premium Channel Television owner Jerry Womack asks, noting that 10 percent of his subscribers have added the adult-movie fare to their service. But religious opposition to such freedom of choice is mounting. "If some folks don't get some more self-control," one pastor warned, "it's going to require legislation."

Such sentiments take on a legitimate aura, unfortunately, when a locality grants *exclusive* franchise rights to one cable system to serve the area. But instead of attacking the monopoly privileges, various groups have demanded city or "public" control over programming in exchange for the exclusive broadcast rights. In Mesquite, Texas, for example, religious leaders introduced a plebiscite to prohibit the franchise winner from showing R-rated movies. It lost by a three-to-two margin. The city council of Forth Worth, Texas, however, has succeeded thus far in banning X-rated movies from the city's cable system. It has also required the operator to make available free lockout boxes so that parents can prevent children from viewing certain channels.

The networks have been griping, too, about "social responsibility" and the lack thereof in alternative television. But the new operators are forging ahead and, in the process, uncovering ever-different problems. SelecTV cable system in Los Angeles, for example, had been prevented from offering adult fare, as its competitor does, by the station from which it leased broadcast time. So it decided to buy that station, the Federal Communications Commission permitting. If it succeeds in acquiring KWHY's license, the aptly named result will be Choice Channel.

America Tops in Buying Power

According to World Bank statistics, the United States has slipped to sixth place in per capita gross national product, trailing Kuwait, Switzerland, Denmark, Sweden, and West Germany. These figures have contributed to the prevailing sense that the United States is lagging behind other countries and, therefore, that "something must be done" to regain its position of power and influence—preferably, it seems, by the military and the government.

A new analysis of the relative prosperity of nations, however, shows off the real story behind the figures. According to Robert Summers, Irving B. Kravis, and Alan Heston, professors at the University of Pennsylvania, what has changed is not the relative prosperity among countries but the value of their currency. Since the American dollar is

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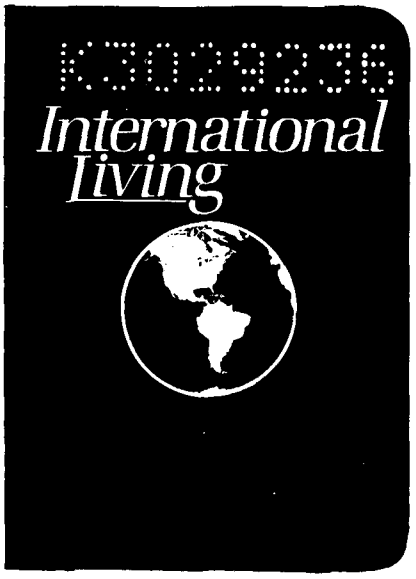

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undervalued worldwide relative to its domestic purchasing power, the actual differences in living standards paint quite a different picture.

When measured by what its currency will actually buy domestically, the United States continues to lead the world in prosperity. Swedes, for example, enjoy a living standard only 78 percent that of Americans in terms of the housing, goods, and food the average-salaried person can buy. Switzerland's living standard is only 70 percent that of the United States; Belgium (with a per-capita GNP almost identical to that of the United States) has a living standard 78 percent of that of the United States.

Despite government's continuing inroads on the free-enterprise system, it seems, capitalism still provides the best opportunity for the good life for those who want it.

Making Room for a Space Command

Because the Air Force and Navy appear to be resisting the development of space weaponry for defense, serious consideration is being given to establishing a new branch of the armed services—the Space Command. Apparently, the problem is that both services are jealously guarding their turf—existing and planned missions and weapons systems. Any real push to develop, say, space-based lasers, can be viewed as competing for scarce defense resources. Consequently, some Defense Department officials and members of Congress, including Sen. Harrison Schmitt, are considering the creation of a separate service.

What would the Space Command do? Presumably, it would be responsible for in-orbit battle stations designed to intercept ballistic missiles (ICBMs and SLBMs) and for other defense-related satellites: warning systems, satellite interceptors, and perhaps reconnaissance satellites, as well. Recent studies by SRI International and Rockwell International have defined the need for a "manned utility space cruiser"—a 22-foot-long, unarmed, winged vehicle launched by an MX booster or the Space Shuttle. The cruiser would service other spacecraft anywhere from low earth orbit out to geostationary orbits and would glide back to earth like the Shuttle does.

Meantime, the program to develop high-energy laser weapons *is* making progress. The Air Force is considering a test of its airborne 400 kw laser against a Polaris missile. The objective is for the laser, onboard a KC-135 transport at 35,000 feet, to destroy the missile soon after it clears the ocean surface. And Boeing has proposed a demonstration project in which it would build and orbit a 2.2 megawatt laser weapon for 1985 in-orbit tests against both aircraft and missiles.

According to *Aviation Week* (May 25), the Soviet Union now possesses an operational ground-based high-energy laser weapon capable of damaging the optical and electronic subsystems of US spacecraft in low-earth orbit and an operational killer-satellite capability (based on 11 successes in 18 tests).

But Officer, I Was Only Doing 55 . . .

What do most of us do when ticketed for a speeding violation? We grumble a bit, we plead innocence, and some six percent go to court to contest the charge. If convicted, we pay the fine and unhappily anticipate higher insurance rates and even the loss of a driver's license.

But wait, here comes Robert D. Kizer to the rescue! Kizer, a 32-year-old Texan, has set up four Ticket Clinics so far, in Lubbock, Dallas, Houston, and Amarillo. The lawyers in each Clinic fight moving violation tickets in court for their clients, charging $45 to contest a city ticket and $75 to fight a highway ticket. After the client signs an appearance bond and pays the fee, the lawyers defend them in court by taking the offensive against the reliability of radar and the police officer's memory. Kizer professes an 80 percent success rate in getting his clients off.

To his critics, Kizer replies, "You've got to remember that police officers have legal expertise available to them to prosecute these tickets. We're just providing the same kind of expertise to the poor guy who gets the ticket." Kizer views rampant ticket giving as merely a subtler form of taxation. This fact was brought home to him after he campaigned unsuccessfully for mayor of Lubbock against a candidate who advocated that police officers write more tickets not only to encourage safety but to ease the local tax burden. All this, he thought, while Lubbock battled a high street crime rate. The clinics, incidentally, will not defend anyone against drunk-driving charges.

Kizer's first four clinics are so successful that he plans to open 11 more in that many Texas cities this year. He then intends to move into New Mexico and eventually to sell franchises to the con-

cept for $36,500 each. This lawyer also plans, he admits openly, to become "independently wealthy" via the Ticket Clinic route.

Alternative Mail

Suppose you want to get a 10-page letter from New York to Los Angeles—*today*? If you're part of a giant corporation, you may have a company facsimile system, operating over the phone lines. But otherwise you'd have been out of luck—until April. That was when National IMS Corp. began offering its Q-mail facsimile service to all comers. If your message needs to go between any two of the seven major cities where the company's service centers are located, the price is just $1.50 per page for the first 60 pages (and $1/page for each page thereafter). For an additional charge, a Q-mail courier will pick up the letter on your end and another will deliver it; the minimum charge in this case is $30. By the end of the year the company hopes to have 60 to 80 service centers in operation.

The "priority mail" market has grown from nothing to $150 million a year. Besides the government postal service's overnight Express Mail, both Federal Express and Airborne have developed special overnight letter services. Federal's, which went national in June, costs $9.50, while Airborne's is still in the test-marketing stage. Both firms are watching the Q-mail experiment with interest. Nobody has thus far been able to make such a facsimile service pay. But if National IMS can do so, it would be serious competition for the overnight services. Federal estimates that the total market for such services could top $1 billion a year.

Savers' Liberation Survives

There are two ways to deal with an untenable situation caused by government regulations. One is to enact further regulations in an attempt to compensate for the distortions introduced by the first ones. That is the course of action that the savings and loan industry had urged on Congress all during the spring, to bail it out from the stiff competition posed by money market funds (see "The New Money Market: Savers' Liberation," by William Donoghue, REASON, June). The S&Ls were in the squeeze because present and prior regulations left them saddled with a portfolio of low-interest loans and restricted ability to compete for savers' money.

The alternative, of course, is to proceed with dispatch to dismantle the offending regulations. That's the course Treasury Secretary Donald Regan urged on the Senate Banking Committee in April, and by mid-May the *Wall Street Journal* could report that congressional support for regulating the money market funds had all but dried up. "I don't have any head counts or anything, but I'd say the tendency among my colleagues is for deregulation, rather than regulation," stated the chairman, Sen. Jake Garn.

The congressmen were much impressed by an outpouring of support for financial freedom from customers of the nation's 114 money funds. The same wave of opposition to new controls has torpedoed proposed regulations in Arkansas, Georgia, Kansas, North Carolina, Tennessee, Utah, and Washington state.

In his testimony, Secretary Regan suggested that Congress lift restrictions on the types of loans the thrift institutions can make, that the present phase-out of controls on deposit interest rates be speeded up, and that the federal government override state usury ceilings. He

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also suggested that the administration would consider repealing the McFadden Act (which prohibits interstate banking) and the Glass-Steagall Act (which draws a sharp distinction between the banking and securities industries and forbids either from operating in the other's field).

Reforming Mexican Land Reform

Mexican President Jose Lopez Portillo has proposed a new version of land reform that has been attacked for being less than ideologically pure. Since the Mexican revolution ended in 1917, land reform has consisted of the expropriation of idle lands and their conversion into communal farms to be worked by the peasants. The problem, however, has been that the peasants got the use of the land but not title to it. This meant that they had no collateral to borrow money for improvements to the land, and thus farming has remained inadequate for feeding the ever-growing Mexican population.

Portillo's proposal, passed into law last December, allows such communal farms to form "economic units" with privately owned farms. These units will then be able to borrow money from banks for equipment, fertilizers, and other items.

Leftist members of Mexico's ruling Institutional Revolutionary Party have criticized Portillo's plan as a "betrayal of the revolution" because it is not "ideologically pure." But by introducing a measure of private enterprise, the plan may end up giving Mexican peasants their first real chance at escaping rural poverty.

Questionable Allies

Can the Soviet Union count on the armies of its northern-tier allies—Czechoslovakia, East Germany, and Poland? That is the question examined in a recent Rand Corporation study, *East European Military Establishments: The Warsaw Pact Northern Tier.* The conclusion reached by the study's three authors: there are clear limits on what the USSR can expect from its nominal allies.

The Czech army's morale was devastated by the 1968 Soviet invasion; the army has not regained its pre-1968 size, cohesion, or quality. The Polish army was demoralized by having to suppress striking workers in 1970; today this army has regained some of its historical role as guardian of Polish national interests and could not be used against the Polish people. But it would probably take part effectively in a "lightning war" on Western Europe. Only the East German army is thoroughly under Soviet control and therefore considered fully dependable.

Overall, then, the Rand analysts conclude that the three northern-tier armies cannot be used as instruments of domestic repression or to suppress revolts in neighboring Warsaw Pact countries. Their most reliable use would be in a "lightning war" in which, lacking time to consult or prepare, Eastern European leaders would have little opportunity or motivation to opt out. In a war of attrition, though, the morale of East European troops "probably would crumble."

Given that under present Warsaw Pact plans over half of any initial offensive against the West would be East European troops, these findings raise new doubts about the strength of the Soviet Union.

What about Workfare?

There's a widely shared perception in this country that millions of *able-bodied* people are being supported, at taxpayer expense, by various welfare programs. When black columnist William Raspberry suggested last summer that perhaps welfare payments be linked to a work requirement, he was astounded by the breadth of support for the idea. Under the name of "workfare," the concept has been tested on a small scale for several years and is being proposed as a key component of the administration's welfare reform proposal.

Workfare differs from earlier work-incentive programs—including the one instituted in California when Reagan was governor—in that its focus is not on placing welfare recipients in permanent jobs. The California program proved disappointing in that regard, in part because state and local agency staffs were often hostile to it.

Today's workfare approach is far simpler. The idea is simply that able-bodied recipients of welfare benefits must work off the dollar value of those benefits by helping out in local government agencies—filing, photocopying, raking leaves, etc. The rationale is twofold: that the recipients should contribute something of value in exchange for the benefits *and* that those unwilling to do so should be dropped from the rolls, thereby saving taxpayers money. In other words, workfare is *not* job training (though it may have some job-training benefits). It is a means of removing freeloaders from the welfare caseload.

For several years now the US Department of Agriculture has been operating pilot workfare programs for food stamp recipients; 14 communities participated last year. In San Diego, of the 3,422 food stamp applicants found able-bodied (out of 45,000 recipient households) last year, only 207 actually worked off their obligation—about six percent. Nationally, about 15 percent of those referred actually show up for work. The others either withdraw from food stamps or are cut off. Last fall San Diego voters endorsed the workfare idea by a 90 percent margin.

The Reagan administration now proposes to expand the idea nationwide, not just for recipients of food stamps but also to able-bodied participants in the Aid to Families with Dependent Children program. The administration estimates that 800,000 adults would be eligible for such a workfare program nationwide. (Also included in the proposed reforms would be a denial of AFDC benefits to the families of those who choose to go on strike and allowing the federal government to tell state agencies about any payments it may be making to welfare applicants. Altogether, the changes are expected to save $1 billion.)

Even liberal San Francisco is turning to workfare. In May the city's board of supervisors adopted a workfare requirement for its city-funded "general assistance" program. City budget analysts expect the program to save $5 to $7 million a year, by encouraging about half of the 5,300 recipients to get off the dole.

Whither Socialized Health Care?

As the battle rages over government-provided health care, with one side advocating cutbacks and the other calling for widespread nationalization of health care, it's useful to look at the results of a recent study comparing health care for the elderly in socialized and nonsocialized countries. These results are quite chilling.

According to the authors of the study, every one of 15 countries with socialized medicine gives preferential treatment to younger patients. In one country, the authors discovered, people over 60 years of age are not allowed to use kidney dialysis machines.

This preferential treatment, the two

professors from the Center for Health Policy Studies at the University of Dallas contend, shows up in the respective mortality rates of persons above 35; the older the age group, the larger the difference in death rates between socialized and nonsocialized countries. The 15 countries studied include 13 noncommunist European nations plus Japan and Australia; the five countries without socialized medicine used were the United States, Greece, Israel, Spain, and Switzerland.

Coauthor and Center Director John Goodman also examined the political nature of socialized health care. Programs are continued or eliminated on the basis of their popularity, he reports. Once more than 50 percent of health care dollars come from taxation, Goodman warned, a country is well on its way to national health insurance (the average percentage of government health expenditure in countries with socialized medicines is 84 percent; in nonsocialized countries, 54 percent). In the United States, Goodman says, the percentage of government-funded health care has doubled from 22 percent in 1960 to 44 percent today.

The proposed cutbacks recently announced by the Reagan administration will help to slow down this trend. Among the programs being eyed for elimination are Health Systems Agencies and Professional Standards Review Organizations, both rather obvious interventions in the medical care marketplace. The HSA program comprises some 200 local groups with the power to decide on proposals for construction of medical facilities or expansion of existing facilities in their areas to eliminate duplication (or what some might call competition).PSROs are set up to review the health care given to Medicare and Medicaid patients, with the aim of keeping costs within government-defined norms.

The intent of eliminating HSAs and PSROs is to increase the extent of competition in medical services. This approach is generally credited to Stanford economist Alain Enthoven (see Trends, May 1980). Enthoven has argued that US medical care is so costly because its anticompetitive structure—reinforced by laws and regulations—provides disincentives for cost cutting. Because most people's health insurance is paid by their employer, Enthoven believes, they have no incentive to choose a cheaper plan nor to cut down on unnecessary costs. Hospitals and doctors further have no compunction about charging and administering services involving expensive technology because the bill goes to the insurance company.

To whatever extent the administration's proposals are implemented, at least they represent a step away from the regulation-happy attitude of previous administrations.

Rent Control Ups and Downs

While the US Congress continues to debate on whether to impose federal curbs on rent control, two California areas recently modified their rent control ordinances for the better.

The city council of Thousand Oaks voted to phase out its rent controls in a two-step program. Controls were completely eliminated on units vacated on or after May 1; units vacant before May 1, however, have to adhere to new "market value" rates determined by the council until they are again vacated.

The four-to-one vote was a victory, in particular, for one of California's largest apartment owners—Standard Investment—whose managing partner Lawrence Kates had allowed half of its 800 rental units to remain vacant after rent control was imposed, at a loss of some $1.7 million a year. Because Standard Investment owns 20 percent of the units in Thousand Oaks, Kates was heavily criticized for the action. "We didn't create rent control," Kates replied, "and we're not going to let it bankrupt us." Kates argued that the cost of upkeep on the units was not covered by the allowable increase, and since vacant apartments deteriorated at a slower pace, it was more economical to keep the units vacant.

Kates has, incidentally, decided to take the same steps in Santa Monica, where the rent control laws are so stringent that a superior court judge has ordered them rewritten to allow larger rent increases (see Milestones, June). The Santa Monica Rent Control Board, when last heard from, was trying to find some way to force Kates to register his vacant units with the board, as the ordinance requires.

The Los Angeles County Board of Supervisors, in the meantime, has voted to soften rent control laws in the unincorporated areas of the county while retaining them until June 1983. The new measure allows landlords to raise rents up to 10.1 percent annually, or 0.6 percent more than the previous 9.5 percent annual cap. After June 1982, landlords will be able to raise rents to match the

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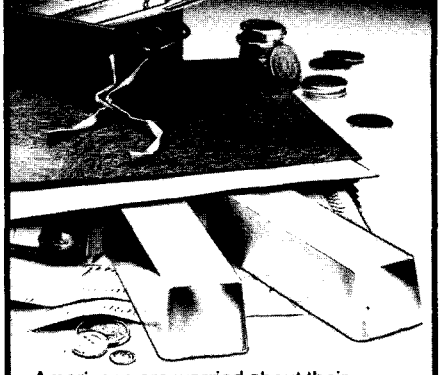

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1981 consumer price index. New and vacated apartments are now exempt from controls, as are luxury units. The new ordinance further puts an automatic end to rent controls should the rental vacancy rate go up to five percent.

On the federal front, the Senate passed President Reagan's housing bill, which would cut off federal housing funds for areas with rent control and require public housing tenants to pay a higher proportion of their income for rent. The House Housing and Development Subcommittee has voted against a House version of the plan, however, so its outcome remains unclear. Some 200 cities across the country would be affected by such a plan.

Military Reforms, Not Conscription

Increases in military pay and reforms in the structure of benefits would be more effective in solving the armed forces' personnel problem than would the draft. That is the gist of a newly released "Policy Analysis" issued by the Cato Institute in San Francisco, California. The study reviews a great number of the objections to the volunteer army and provides arguments against them.

In the first place, author Roger Nils Folsom writes, even with conscription of two years' forced service, there is still the problem of how to persuade conscripts to stay on after the compulsory period. The study, written with the assistance of Ann Marquiss Folsom, points out that in real terms basic military pay has *fallen* 20 percent since 1973. Educational benefits, a major selling point in the past, have also dropped.

Folsom notes that the complexity of the structure of pay and benefits makes military service seem less attractive to the potential recruit than it really is. Furthermore, the emphasis on family-oriented benefits instead of on cash discourages the recruitment of "the single unattached individual who might be most receptive to military service—and who might make the best soldier, at least in the junior ranks," Folsom argues.

Folsom goes on to address such arguments as lack of readiness, racial composition, lack of patriotism, and others. He also has a more statistically detailed version available for those interested. (Single copies of the report are available from the Cato Institute.)

Interestingly, a National Center for Education Statistics survey in 1980 asked high school students what they would do if two years of military or civilian service were required by the government after high school. Some 29.4 percent of the respondents said that they would try to avoid either type of compulsory service, while 30 percent were undecided. The remainder divided into 18 percent who would enter the military and 23 percent who would pick civilian service.

Milestones

• *Nine-Zip Delay.* The Office of Management and Budget ordered the US Postal Service to delay implementing the nine-digit zip code until it has determined the cost to users. A postal official then suggested that the OMB had no authority over the USPS and that it would go ahead with the new code. The outcome was unclear at press time.

• *Italians Keep Abortion.* Some 69 percent of Italian voters rejected a church-backed attempt to ban abortion except in cases of extreme danger to the woman's life but also rejected (89 percent) a proposal to abolish restrictions in the current abortion law. The voters also defeated a measure that would have prohibited private gun ownership.

• *Homosexual Immigrant Wins.* A Washington federal appeals court ruled in May that homosexual Horst Nemetz could not be denied citizenship because of his sexual preference. An earlier court had noted that Nemetz had presumably violated Virginia's sodomy laws and therefore lacked the "good moral character" required for naturalization. But at least nine states have decriminalized sodomy between consenting adults, the appeals court panel noted, and citizenship cannot be denied because of "an accident of geography."

• *Religious Unemployment.* The US Supreme Court held unanimously that church-run educational institutions need not pay unemployment taxes for their employees. The ruling overturned the Department of Labor's interpretation of a 1976 federal law exempting employees of church-run schools from the unemployment compensation program. The court decided that Congress had meant to include also those employees not working directly in a church building.

• *Indiana Endorses Liberty.* Indiana became the ninth state to endorse the Liberty Amendment in April, joining Wyoming, Texas, Nevada, Louisiana, Georgia, South Carolina, Mississippi, and Arizona. The amendment would, among other things, repeal the 16th Amendment and prohibit taxes on "personal incomes, estates, and/or gifts."

• *Antileft Church Group.* A group of Protestants and Catholics have formed the Institute on Religion and Democracy to fight what they consider to be a left-wing bias in the current religious leadership—particularly its involvement with the National Council of Churches and the World Council of Churches. "The choice between bread and freedom is a false choice," the institute's brochure declares in response to the liberal religious leadership's argument that political freedom must sometimes be sacrificed to further economic justice.

• *Keynes Discredited in China.* A special commentator announced in the March issue of *Hong Chi*, the Chinese Communist Party's theoretical magazine, that Keynesian economics is "not applicable to China." Marxist economics was not

COMING ATTRACTIONS

• **LePage on Mitterrand:** REASON Foreign Correspondent Henri LePage analyzes France's election of Socialist Francois Mitterrand as president in the light of "the slow process of disinformation" in French media and universities.

• **Weidenbaum Interviewed:** Senior Editor Tibor Machan raises some issues with economist Murray Weidenbaum, recently appointed to President Reagan's Council of Economic Advisors, which Weidenbaum calls "the most free-market, antiprotectionist, and proconsumer" agency in the administration.

• **Nader's Cadre:** On at least 200 US college campuses in some 30 states, consumer lobbyist Ralph Nader's Public Interest Research Groups are well-armed with often-mandatory student fees and with federal monies. Their aim? To protect consumers. Their ways and means? REASON's reporter takes an in-depth look.

• **Cuba Caper:** Disguised as a nonchalant American train enthusiast, REASON Editor Bob Poole flew into Cuba this spring and cast his observing eye on life in Fidel Castro's workers' paradise.

Plus all of REASON's regular columns and features.

mentioned as an alternative *modus vivendi*; neither was free-market economist Milton Friedman's recent trip to China discussed.

• *Rental Potential.* A professor of urban planning at Rutgers University's Center for Urban Policy Research says that as many as nine million rental units could open up if localities lifted zoning restrictions on rental units made available in single-family homes. Prof. James Hughes notes that half of all homes presently average one or less persons for each two rooms and that about 300,000 units are already being created annually inside single-family residences.

• *Conrail Sale Support.* The American Farm Bureau Federation, the nation's largest farm organization, and the National Industrial Traffic League, the largest associaton of shippers and receivers, separately released statements supporting the proposed sale of Consolidated Rail Corporation (Conrail) to the private sector.

• *Government-Owned Bank Rejected.* Voters in Minot, North Dakota, emphatically rejected a proposal to set up America's first city-owned bank, by 4,940 to 1,018. Minot State College political science professor Karl Kalvelage proposed the idea, with a deposit base of city and county government accounts to establish the bank and with tax-exempt profits. He was successfully beaten through the efforts of the Task Force for Free Enterprise.

• *Warranted Searches.* Police officers must have a search warrant to enter a third party's home even when they believe a fugitive may be hiding there, the US Supreme Court ruled seven to two. Even when armed with an arrest warrant, therefore, police officers may not automatically search the homes of that individual's friends and acquaintances.

• *Balanced Budget Boosted.* The Senate Judiciary Committee voted to approve a proposed constitutional amendment requiring a balanced federal budget, except in times of war or a three-fifths majority vote in both houses of Congress for deficit spending. If Congress votes to pass the amendment, it will take effect two years after being ratified by 38 of the 50 states. Thirty states have voted so far to call for a constitutional *convention* to consider a balanced budget; the congressional action would preempt such a convention.

• *Industrial Homework.* The Department of Labor recently announced that it would repeal the 40-year-old restrictions for certain industries on hiring employees to perform work at home. Severe criticism immediately erupted from unions, business groups(!), and government officials, and now the Labor Department says it will consider "selective easing" rather than total elimination of the ban.

• *Ron Paul Lauded.* The National Taxpayers Union named Rep. Ron Paul (R-Tex.) the "Taxpayers' Best Friend" in Congress for his frugal performance in 1980. The award was based on NTU's 1980 Congressional Spending Study, in which Paul scored 94 points on a scale of 100.

• *Mail Clergy Squashed.* New York State's highest court (the Court of Appeals) ruled that the Town of Hardenburgh's 200 mail-order ministers could not get religious tax exemptions for their property unless it was held exclusively for church use (the Town of Hardenburgh has a population of 236). The ruling upheld the state legislature's attempt to control a growing taxpayer revolt in Ulster County. The town will be taking the case to the US Supreme Court.

—Robert Poole, Jr. and Christine Dorffi

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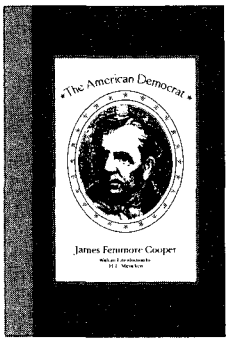

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Introduction by H. L. Mencken

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By Theodore J. Gage

GETTING STREET-WISE IN ST. LOUIS

Want to slash crime rates and revive declining neighborhoods? And do it without spending a cent of tax money? Try the St. Louis Solution.

TOM AND SUSAN JONAS stand on their front lawn talking to neighbors. Their two young sons play tag nearby, tumbling gleefully into a wrestling match on the grass. Other children are playing in the middle of a street that seldom sees traffic. It could be a scene from a tree-lined suburban street anywhere in the country.

If Susan Jonas looked away from her children, though, past the wrought iron gates 100 yards away, she would see the autos and 18-wheel rigs roaring past her street—would see the drunken old man staggering by, clutching a brown paper bag with one hand and stroking his grizzled beard with the other.

On this warm Sunday afternoon in St. Louis, thoughts of the apartment manager who was murdered a few weeks ago in his roach-infested room only a few blocks away do not trouble the Jonases. They do not fear the young toughs who congregate around a boarded up storefront less than two blocks from their quiet neighborhood.

A decade ago, the young toughs and winos were just as close. And most urban planning experts would have predicted that by 1981 the vandals, drunks, and prostitutes would have taken over this quiet street on the west side of St. Louis. In 1970, Westminster Place was a dying street. The peril of urban blight had chased many of its middle-income families—white and black—to the suburbs. Real estate values had plummeted during the 1960s, and even the small enclave of mansions just west and south of this neighborhood was threatened by the creeping urban decay.

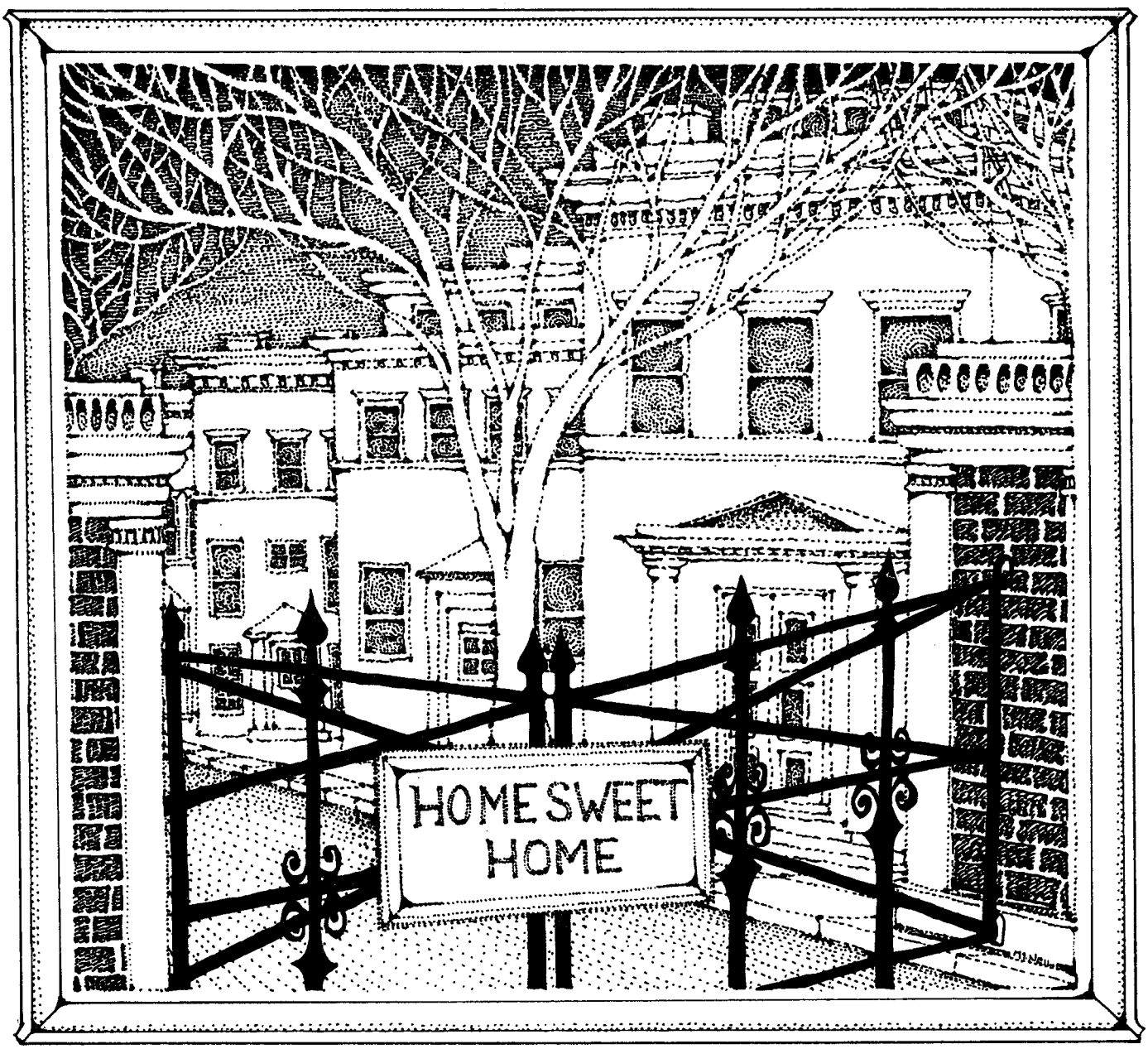
But in the early 1970s, people like Fred Hale—a professor at Washington University in St. Louis—got tired of prostitutes strolling past their homes and of watching 6,000 cars a day race down their streets as they bypassed stoplights on nearby boulevards. And people like the Jonases decided that these neighborhoods, with their spacious and lovely three-story brick homes, were worth the effort to save. They moved into an area for which even the experts in urban urban planning held little hope.

Today, Waterman Place West, the street on which Fred and Lucy Hale live, and Westminster Place, where the Jonases live, are thriving as private streets. Standing up to the urban blight, the crime, and the fear that causes residents to flee, the people in these neighborhoods called on a St. Louis tradition. They found an unconventional solution to a common problem—they bought their neighborhoods.

ST. LOUIS has had private streets since the late 1800s, when the industrialists and businessmen of the booming river city built estates on the outskirts of town and placed barriers around their neighborhoods. Their goal was exclusivity. Later, residents in other neighborhoods would take advantage of the precedent in St. Louis's law books and use private streets to achieve security and stability.

In the 1950s, faced with growing crime rates and declining property values, middle-income residents of some streets petitioned the city to deed the streets to them. This the city did, in return for the residents' assuming responsibility for street, sewer, and streetlight maintenance; garbage pickup; and any security services beyond the normal fire and police protection.

The transfer of ownership is effected via deed restrictions attached to each property on the street. These restrictions require that title to the street be vested in an incorporated street association to which all property owners must belong. They also limit the uses to which the homeowners' property may be put and provide for the association to collect funds from the owners to cover the costs of maintaining the common property.



Most of St. Louis's street associations cover just a block or two. In addition to obtaining legal ownership, residents achieve control over their streets by closing them off to through traffic. With anything from sawhorse and chain to iron fence and gate, a barrier is put at the end of streets, creating cul-de-sacs. The only way to enter these dead-end streets is from other public and private residential streets. The only cars on the streets belong to residents and their visitors.

The result is that on the private streets of St. Louis unfamiliar pedestrians, autos, and even delivery and repair trucks are usually observed by one or more neighbors. It is *their* street, and that ownership gives the neighborhood a high degree of cohesiveness. Unusual noises coming from a neighbor's home, a stranger wandering up and down the street, or even something as harmless as an unfamiliar car parked on the street will draw neighbors out of their homes and elicit phone calls.

"One night about 11 o'clock, I was walking the dog and she got away," related Susan Jonas. "I called out, and the lights in about five houses went on and a couple of people stuck their heads out their doors. It's the kind of thing that makes you feel pretty secure."

During the '60s, the people on many of St. Louis's private streets lapsed into apathy, forgetting the problems that had led them to privatize. They neglected their neighborhood associations, forcing them to make do with a bare minimum of funding and involvement. Consequently, the neighborhoods began declining again, and their middle-income residents turned their sights to suburbia. The familiar problems of changing urban areas were driving residents of both private and public streets from the solid old three-story homes in the heart of the city.

For some people committed to urban living, though, the private street concept again offered a solution in the '70s. Some of them, like Fred Hale, convinced the city to dust off the old laws that made privatizing possible. Others, like the Jonases, bought homes on historically

Illustration by Teresa McNeil

Experts would have predicted that by 1981 the vandals, drunks, and prostitutes would have taken over this quiet street in St. Louis.

private streets and joined residents working to revitalize their long-dormant neighborhood associations.

Today, not only the Jonases' and Hales' and other private streets but some of the surrounding areas have regained stability. Homes sheltering transients, roomers, and large groups of unrelated people during the '60s are now owned by families with children. Homes that sold for $13,000 in 1969 are valued at $120,000 today and compare favorably to similar homes in St. Louis suburbs in price and quality. Despite the lingering urban problems like crime, vandalism, prostitution, boarded up storefronts, and abandoned apartment buildings that exist only a few blocks to the north on Delmar Boulevard, the area has gained a sense of stability.

OSCAR NEWMAN, an architect and urban planner and founder of the Institute for Community Design Analysis, supports the concept of private streets. He has authored books and articles on the subject of possible alternatives to troubled urban living conditions, and he has noted the positive psychological effects of privatizing. "Property is something most people want and identify with," he says. "When you can get people to have pride in their property and a sense of belonging in their community, a number of positive things often happen."

In the mid-'70s, Newman did an in-depth study of St. Louis and its private streets. His surveys yielded some intriguing results. For example, on the section of Westminster Place that was private, the crime rate between 1966 and 1973 was far lower than on the adjacent public streets. Relying on the same city police patrolling as the public streets received, Westminster had a crime rate that was 26 percent lower than on Waterman Avenue, one block south of Westminster, and 52 percent lower than on Washington Boulevard, one block north. Although long-time residents said that Washington had historically been a more desirable place to live, between 1960 and 1973 two-thirds of its housing stock, which was similar to that on Westminster, was converted to multiple-occupancy structures, attracting lower-income residents. Not a single home on Westminster had been converted.

More recently than Newman's survey, an informal study by one St. Louis police district showed that during an eight-month period ending April 30, 1981, a particular five-block area of the district consisting of private streets had 34 criminal offenses. The adjoining five-block area, which has no private streets, suffered 120 crimes. The number of reported criminal offenses during the same period in other nearby residential areas without private streets and of equal size and population density ranged from 69 to 137.

The few crimes that occur on the private streets are generally burglaries, home invasions, and thefts of bicycles and lawnmowers from garages. Crimes against persons and "crimes of opportunity"—assault, purse snatching, and thefts from autos, all of which usually occur on the street—have been effectively checked by private street residents.

The private blocks that have hired guards and off-duty policemen to bolster security have fewer crime problems than the blocks that don't. For example, the burglary rate on the 5200 block of Westminster, which employs security guards in the evening, is only a third that of the 5100 block, which employs no private guards but relies solely on city police protection. Still, crime rates are far lower than in adjacent neighborhoods, and the nature of the crimes differs.

But Lt. James Shea of St. Louis's seventh police district, which encompasses much of the private street sector, said he works continually to remind residents that simply constructing gates does not make crime go away. While privatizing streets may cut down crime and allow for tighter control by residents over their neighborhoods, it is not the entire solution.

"It's true that you have two different worlds a few blocks apart," he explained. "But as long as you have poverty three blocks away from affluence, you'll have crime. It's tempting to hide in your fortress and simply ignore what's going on outside. But the way to continue the stabilizing process and to strengthen the neighborhood is to reach out and help improve the blighted areas."

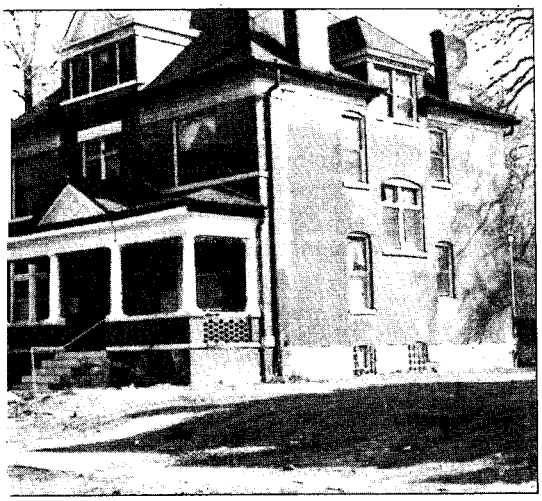
Right (clockwise): Scenes from Delmar, Cabanne, Delmar, Hortense, Westminster (two photos), and Waterman show the striking difference between public (Delmar) and private streets just a few blocks apart.

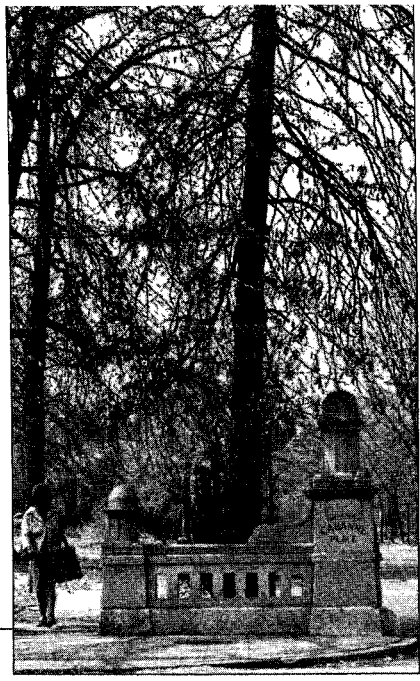
There is evidence, though, that the mere existence of the private streets is already helping the area. These neighborhoods have provided a nucleus for private enterprise urban renewal efforts.

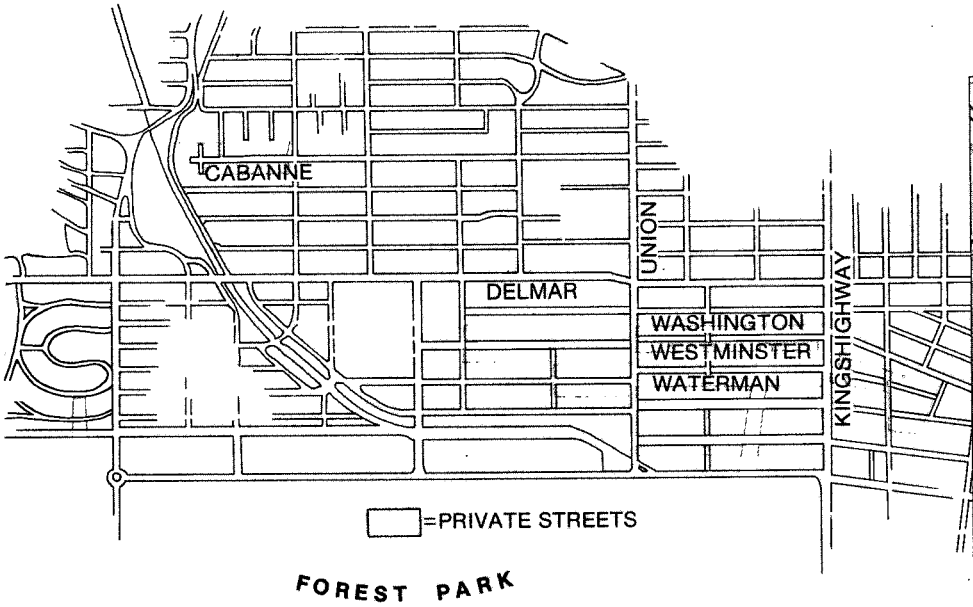
People from streets like Westminster refer to Delmar, two blocks to the north, as "the DMZ" or "the trenches." Many of the merchants on Delmar have fled their stores, and many of the apartments remain abandoned. But to the south, developers have been restoring apartment buildings and townhouses. Protected by the private streets, which developers agree act as a buffer against the blight to the north, the apartments will be rented to middle-income residents while other buildings will become condominiums.

"At one time, the original private streets and neighborhoods were surrounded by fine apartments," explains Daniel Feinberg, a leading St. Louis real estate agent. "It got to the point where only the private streets were left. The apartments got so bad they had to be vacated. But now developers have the stability of some residential areas to sell and they're back. Besides, most are local developers, and they have a stake in the city's welfare."

The private streets of St. Louis have not been a panacea for all urban problems. Continuing crime in adjacent areas, poor public schools, and the financial burden of maintaining the streets present ongoing difficulties for the residents. But the overall success of this St. Louis Solution has prompted some rethinking of traditional urban renewal efforts and traditional approaches to crime in middle- and low-income neighbor-







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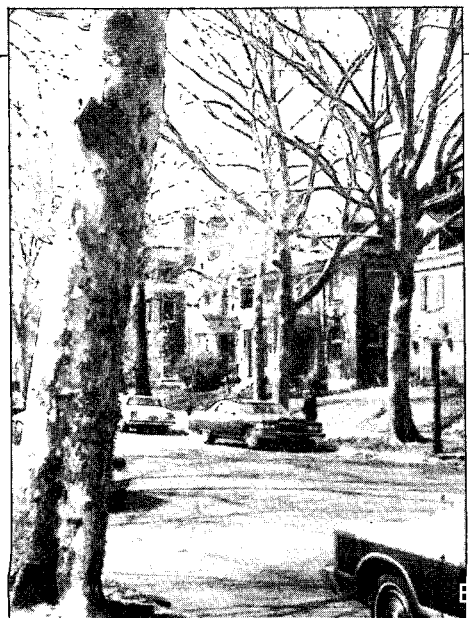
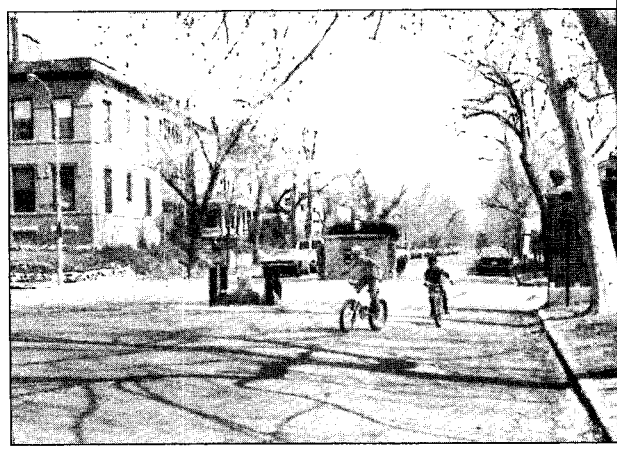




Photographs by Theodore J. Gage

hoods. As Oscar Newman writes in his book *Community of Interest*, "These residents have been able to create and maintain for themselves what their city was no longer able to provide: low crime rates, stable property values, and a sense of community."

PRIVATIZING A STREET is viewed as a drastic move—if ever even considered—by most cities. Even in St. Louis, where the tradition dates back to the last century, local government officials resisted the concept when proposed by residents of the West End in the '70s. But because it seemed to give hope to an almost hopeless setting of spreading urban decay, the city granted the go-ahead for several more formerly public streets to turn private.

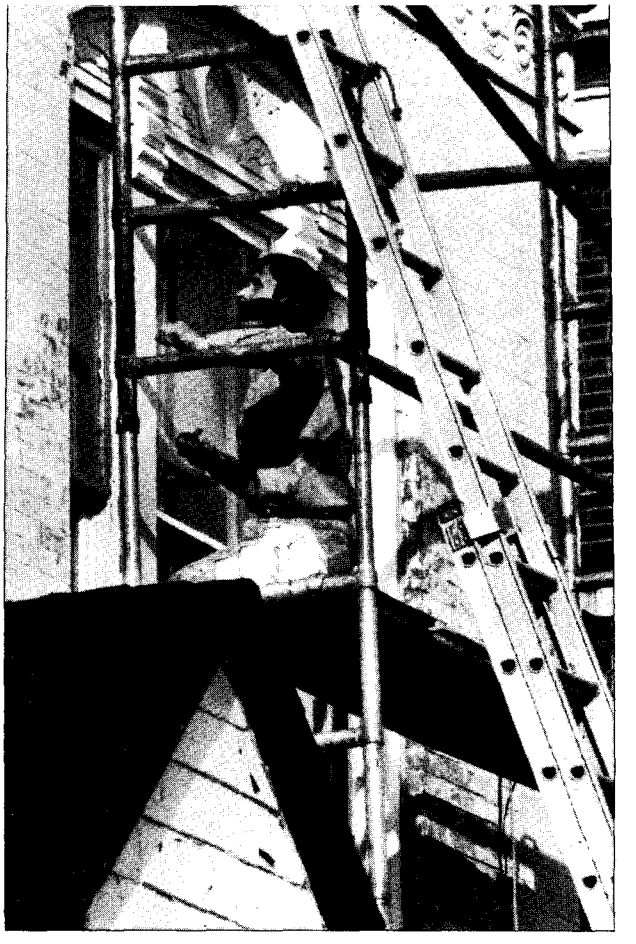
Today, the move to privatize streets in St. Louis seems to have come to a halt. Instead, some residents have asked the city to close off their streets to through traffic while allowing them to remain public—a more palatable solution for cities. The increasing high cost of services and street repair has made residents doubt their ability to pay for private garbage pickup, street and sewer maintenance, and guard services.

Washington Boulevard, for example, has been closed off. This street, with private Westminster Place on its south side and Delmar Boulevard on the north, was one of the streets used for comparison in Oscar Newman's studies in the '70s. Washington had a 52 percent higher crime rate and 67 percent versus zero conversions to multiple-occupancy residences.

From the back yards of homes on Washington, residents could see the prostitutes on Delmar. A few of the people still living on Washington remember when police hated to raid the now-vacant apartments on Delmar. Anyone entering the buildings, which stand only 50 yards from some of the homes, had to be fumigated for lice when he left. Drug dealers cruised Delmar and carried their business onto Washington.

Almost two years ago, at the request of a few residents and some young urban pioneers who had recently bought homes on the street, the city agreed to block through traffic on Washington. And it changed the zoning for the area from multiple- to single-family housing. Today, the street still has a long way to go. But the progress from when Newman studied it has been astounding.

Young couples are purchasing and restoring the spacious homes on Washington, encouraged by the stability of the adjacent private Westminster Place.



Developers, encouraged by the stability of the adjacent private Westminster Place and by the presence of other private streets, have bought some of the single- and two-family homes on Washington and have started renovation. Young, lower-middle income couples are purchasing and restoring the old, spacious homes themselves.

There are still a number of abandoned homes, empty lots, and homes housing illegal boarders. But slowly, some of the white and black families living on the street have banded together to form neighborhood associations that they hope will result in citizen crime watches and serve to unite the residents. They have received assurances from the city that it will replace the temporary street barriers with concrete cul-de-sacs and knockdown barriers.

"We are in the trenches," said Eric Smith, president of his block association on Washington. "Over there," he said, pointing to Delmar, "is the front line. We need all the support we can get. But I feel confident we are here to stay."

Eric Smith, a salesman for a steel company, lives in a three-story brick home with his wife, Trudy, and two daughters. The Smiths are renovating the home themselves and use the extra income provided by a student boarder on the third floor to help fund the project. Trudy has less fear of physical violence in her neighborhood than she did two years ago and now lets her daughters play unsupervised in the back yard for short periods—something she would never have done even a year ago.

STREET CLOSURE is being tried in other communities, too. In Columbus, Ohio, in a neighborhood of low-income federally built row housing, the Metropolitan Housing Authority is constructing concrete cul-de-sacs and putting in fencing at the end of some streets, hoping to reduce much of the traffic, both pedestrian and auto, that makes physical crimes, robbery, and vandalism easy to commit and that facilitates escape. Neighborhood associations have also been started.

"Something like this gives people a stronger sense of their own personal stake in a community," says Steven Bollinger, who headed up the Columbus Housing Authority before taking a job recently as assistant secretary in the federal department of Housing and Urban Development. "By limiting access to the neighborhoods, people who have no business there other than to make trouble have a much harder time. They are highly visible to residents, and the

residents often band together and watch out for each other."

In downtown Hartford, Connecticut, in a Department of Justice experiment, the closing off of some streets and narrowing of others has been combined with neighborhood police teams and citizen advisory groups to work with police to improve the physical quality of the neighborhood in a high-density residential area. The Center for Survey Research, associated with the University of Massachusetts, Boston, studied the area from 1973 through 1979 to determine the effect of the program.

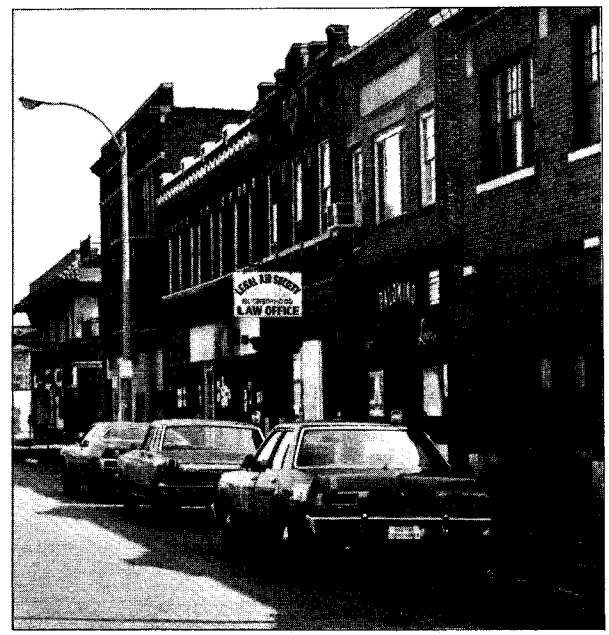
To the disappointment of the project directors, police statistics did not show any dramatic drop in crime. Floyd J. Fowler, Jr., director of CSR's study, offers several explanations: Changes in record-keeping procedures may make comparison of police statistics from one year to the next inaccurate. And the percentage of crimes *reported* to police increases, he notes, as people come to believe that they can have an effect on the incidence of crime in their area.

But in any case, says Fowler, the records do show an increase in the rate of arrests for reported crimes. And the project did have an effect on residents' attitudes about the neighborhood. In 1973, only 20 percent of the people living in the area said the neighborhood had improved during the past two years, while 40 percent noted improvement in 1979. And while only 20 percent of the residents in 1973 saw hope for reducing crime and improving the quality of life during the coming five years, 57 percent of the residents in 1979 expected significant neighborhood improvements in the next five years.

"When people feel their neighborhoods are out of control, that's when you get deterioration, crime, and fear," says Fowler. "It is a crucial observation for all future urban planning. It shows that instead of attacking crime and blight by increasing the numbers of patrolling police, you work to stabilize the neighborhoods. By getting things under control, both in terms of the quality of the physical housing and in residents' attitude toward their neighborhood, you can get things under control so people feel secure. That stability is a prerequisite to any efforts to keeping an urban area economically sound."

For maintaining economic stability in neighborhoods comprising owner-occupied residences, Oscar Newman contends that mere closure of streets, even when combined with block associations, is inferior to privatization. Although closure can foster a sense of community and may reduce crime, the residents have no legal mechanism to protect themselves from declining property values, blockbusting, zoning changes, or abandonment.

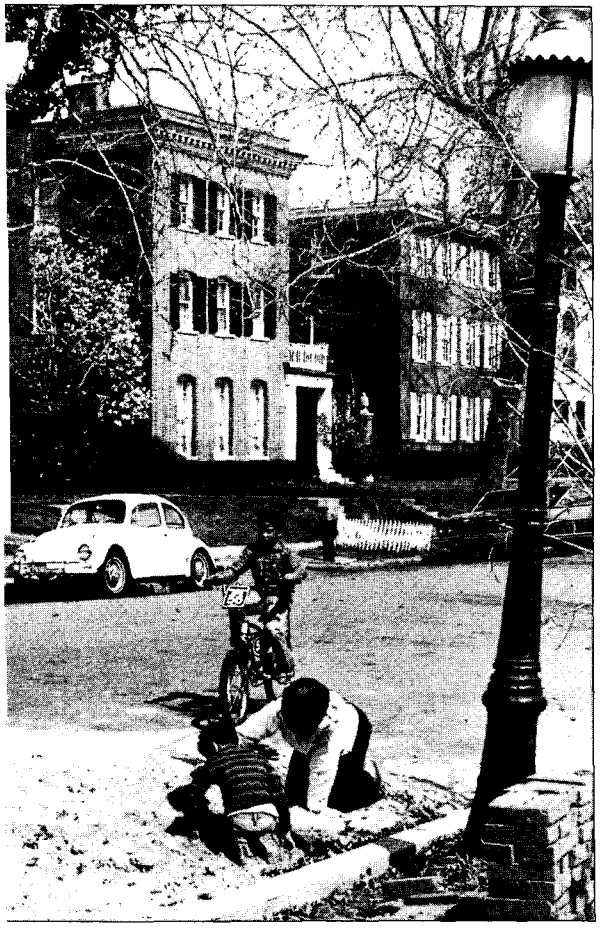
The residents of a private street, however, have a charter stipulating the payment of dues for street services and, in St. Louis's case, for example, generally requiring residents to agree not to use their homes for anything but a residence for their families and not as boarding houses or even to house a single unrelated boarder. If any resident doesn't follow the regulations, the other residents have the power to get a court order for compliance. These private street associations have legal teeth and can place a lien on the property in question.



Delmar Boulevard, where many of the merchants have fled their stores and apartment buildings are abandoned, lies just a few blocks north of thriving private streets.

That legal power is one of the greatest advantages of private street associations. Residents have the ability to force compliance to maintain neighborhood quality. In a few cases during the 1970s, homeowners on private streets in St. Louis asked for and got court-ordered compliance from residents who were not caring for their property or who bought homes with the intention of converting them to boarding houses.

"Closure without privatizing cannot be as effective because there is no legal entity to ensure compliance with things like maintaining a lawn or renting the third floor to boarders," observes Newman. "Block associations get some things done, but they are still not legal entities.



Although this residential area is predominantly white and middle-class, several black families live on many of the private streets.

And while closing public streets may help, a public street can always be reopened by the city and the old traffic patterns can resume."

GOING PRIVATE, as well as closing off public streets, has not been without its critics. The City of Memphis, when it heeded a residents' petition and decided to close off a street and two alleys to protect residential neighborhoods from an increasing flood of traffic, met resistance from several civic groups that claimed the move was racially motivated.

Auto traffic from a predominantly black area of the city was traveling through a racially mixed but primarily white neighborhood. Residents of those streets asked the city in 1973 to dead-end one of the streets and adjacent alleys. The city council agreed in a 6-to-5 vote, and several civic groups took the case to court.

In 1979, the city went ahead and built the dead ends, and in April of this year the US Supreme Court ruled that the city had the right to close the streets. Justice John Paul Stevens, speaking for the 6-to-3 majority, argued that the action by the city was not racially motivated but was "motivated by its interest in protecting the safety and tranquility of a residential neighborhood."

The stigma of racism attached to street closure and efforts to protect neighborhoods—especially middle-income neighborhoods—has discouraged efforts to close or privatize streets even in St. Louis, says Oscar Newman. Bud Holmes, a Memphis city attorney who worked on the case, said he is sure that "the kind of trouble we had to go to in defending our position has discouraged other communities from even considering such action. But we feel this decision may give cities a green light to preserve middle-class neighborhoods as long as their motivations are legitimate and nondiscriminatory."

It is undeniable that the original private streets in St. Louis were rooted in elitism. The massive gates and palatial mansions built by the wealthy in the 1880s still stand. But the fact that there are several black families on many of the private streets—and the existence of private streets in predominantly black neighborhoods—steals the credibility from an argument that private streets remain a bastion of white affluence against the onslaught of blacks. "It's safe to say that no one on these streets cares what color the person is who moves in, so long as they agree to the principles set down in the street's charter and pay their dues," says Missouri State Sen. Steven Vossmeyer, a private street resident.

Still, it remains an unsettling fact that in the West End of St. Louis the area north of Delmar is predominantly black and poor while the private streets and surrounding residential area south of Delmar are predominantly white and middle-class. Newman insists, however, that, while private streets and similar actions represent efforts to keep middle-income residents in urban environments, it is an economic and not a racial phenomenon.

People must lay aside the stereotyped misconception that trying to save neighborhoods for the middle and working classes automatically means racism, says Newman. "Twenty years ago, I was vulnerable to the argument that by saving middle-income neighborhoods, you were preventing lower-income families from having the chance to buy homes and condominiums," he explains. "I also felt that by saying 'income,' you meant 'race.' But I have watched what has happened. In St. Louis, you have low-income people moving into decent housing stock, and it's three to five years before it deteriorates until it is uninhabitable.

"No one on these streets cares what color the person is who moves in, so long as they agree to the street's charter and pay their dues."

Welfare families cannot care for this kind of housing." It is a politically sensitive issue, but one Newman says must be faced.

Concerns about racism are not helped by the fact that in almost all urban situations the school systems are a particularly thorny problem. In St. Louis, most of the residents of private streets send their children to private schools. The St. Louis public school system, typical of many urban systems, is inadequately funded, poorly staffed, and charged with politics. Its students are primarily black—especially in the areas where the private street children would attend. But even the children of black private street residents attend private schools.

"It is an inferior school system, and if you want your child to have an adequate education, you have to make the financial sacrifice required to send kids to private schools," said one mother. Several of the parents, however, are active in local efforts to improve the public school system. "It is my hope that some day the public schools here will be good enough to provide a quality education," said Judy Murphy, a resident of private Kingsbury Place. "But right now, they are not."

These outlooks have prompted additional criticism that residents of the private streets are isolationists and not really involved with the surrounding community. Perhaps the observations have some truth, but without the ability to isolate themselves somewhat from the surrounding urban environment, these residents would probably have moved to the suburbs long ago. As city officials point out, St. Louis would have lost a considerable tax base. And the loss of stability in these neighborhoods might have thwarted all the urban redevelopment now taking place in the surrounding area.

Although acknowledging that it does not offer a short-term answer for the housing problems of the cities' poor, Newman insists that if cities would allow middle-income residents to help themselves, it would be an all-around benefit to the city. The misconception that there is something wrong with housing that is exclusionary because of price must stop, he declares, or there will be a "complete polarization in this country with all the working and middle class in the suburbs and totally dead cities loaded with poor unable to lift themselves up." Private streets and other efforts to keep middle-income people in and near the cities are not racially motivated, he repeats. They are a matter of common sense—a potential private solution to a problem that has resisted the traditional government solutions.

Most of the people living in the West End of St. Louis send their children to New City School or other private schools.

THERE ARE INDICATIONS that the new guard at the US Department of Housing and Urban Development favors such private solutions to urban problems and has plans to encourage and facilitate efforts by citizens and local governments to institute such programs. In mid-May, Newman had a week of meetings with HUD officials. They are consulting with other outside housing experts, too, he says, and, more than any administration in the past 20 years, are open to nontraditional solutions.

"The people at the top feel they are getting a snow job from HUD staffers and city housing authorities," Newman explains. "Even at this point, they sense they are getting the same old solutions, which didn't work, in a different package. They are looking for new ways to do things."

One of the new ways to do things that Newman urged is the St. Louis Solution—private streets. The concept, he told HUD, can be effective in saving the remaining single-family-home neighborhoods in cities and adjoining suburbs, regardless of their racial or ethnic makeup. The hope that young middle-income people are moving back to the cities is just a hope, he pointed out; cities are still rapidly losing their middle-class tax base.

Neighborhoods in Brooklyn and Queens in New York City and other neighborhoods in other cities have considered privatizing for years, he says. "Now they have finally decided, and they come to me and say they're ready. I tell them it is too late. Their neighborhoods have already gone too far down. Too many people have left."

The advantage of a private or in some cases even simply a closed street, he reiterates, is that it encourages residents to stay put and spend money on their homes because they have a sense of stability. "Right now, the individual homeowner in the city is alone. Our government has made each person a pioneer, and people are afraid to put money into their homes because they see the neighborhoods around them crumbling. A private street allows people who were victims of blockbusters and city hall types to have a protection in collective strength. They no longer have to face the problems alone. That is the magic. We need a way to allow governments to give them that collective umbrella—to be the force that encourages these people to unite and find their own solutions."

In many cases, cities put up arguments against nontraditional solutions. Even in St. Louis, Fred Hale and other residents of the now-private Waterman Place West fought for six years to convince the city that closing the street to through traffic would not throw traffic patterns on the west side of the city into disarray. Privatizing and closing a two-block section of Waterman five years ago meant disrupting a bus route and halting the flow of 6,000 autos a day past the residences on that street. The bus route was moved to a thoroughfare two blocks away, and the cars now use alternative thoroughfares that, city officials admit, have easily accepted the extra traffic.

"I had such a fight to convince the city planners that their fears of total chaos were unfounded," says Fred Hale. "Before the street was closed, this area was a madhouse. Now it's quiet, property values have soared, people are no longer fleeing, and nothing catastrophic has happened to the traffic patterns."

"Cities have a self-protecting bureaucratic mentality that keeps them from supporting nonbureaucratic solutions to their problems," says Dr. Steve Savas, HUD's newly appointed assistant secretary for policy development and research. "The notion of private streets and neighborhood associations has a lot of possibilities. It gives residents the chance to do something about improving their neighborhoods.

"I think this kind of idea would definitely be accepted by this administration. The respect we have for the autonomy of state and local governments would prevent us from issuing directives, but we can act as a clearinghouse and research center. We can and I'm sure

will encourage these alternatives."

What could local governments do besides deeding property back to residents? They could provide tax incentives. Of the municipal services normally provided in St. Louis, private street residents get only police and fire protection. Yet they pay the same amount of property taxes as other homeowners do. In addition to paying a full city tax, they also pay dues averaging about $350 a year to their private street associations to cover the costs of maintaining their streets, sewers, and so on. This double jeopardy undoubtedly discourages residents on other St. Louis streets from considering the private street alternative. Most other cities don't even have laws that allow privatizing, let alone tax credits for such activity.

HAVING PROPONENTS of private streets and nongovernmental solutions to urban problems in HUD is promising. At this point, encouragement at the federal level seems necessary if local municipalities are to clear the way for nontraditional answers to their problems.

In the institution of these programs, there is a need for government protection of people's rights. In Schaumburg, Illinois, a suburb northwest of Chicago, developers of a subdivision kept the streets private and took advantage of the concept to cut corners in their construction. Now, a decade later, unhappy residents have discovered seeping sewers, cracking foundations, sinking homes, and crumbling streets. During their 10 years of ownership, however, the residents did nothing to maintain their streets and collected no funds to cope with emergencies or needed repairs.

Even in St. Louis, some private street associations have suffered from poor organization and a lack of proper planning. Some of the streets need resurfacing, and residents do not have the funds in their treasuries to make the needed improvements.

Newman has suggested that one of the functions of government might be to provide model fund collection methods to help future private street organizations from getting into financial trouble. In Houston, Texas, the city's Planning Department serves a similar clearinghouse function. Houston has no zoning laws; instead, land use is controlled by the residents themselves, through restrictive covenants attached to property owners' deeds—just as the private street associations of St. Louis protect their neighborhoods.

Extending the St. Louis Solution to more neighborhoods and to untested settings is a radical approach—aimed at a desperate situation.

So while Houston's city government does not do the typical planning, it does, if asked, assist citizens in drawing up covenants that suit the characteristics of their neighborhoods, whether made up of single-family homes, apartments, condominiums, commercial buildings, or a mixture. Instead of pouring more funds into urban renewal programs that are almost universally acknowledged to have been a massive failure, government, both federal and local, could take a similar innovative approach to improving the urban environment.

If the St. Louis Solution to urban decay were encouraged by changes in municipal laws and tax adjustments for the responsibilities that private street residents take over from the city, it is likely that private firms would also step in to fill the need for legal and financial guidance. For example, in response to the growing number of condominium buyers in the last decade, there are now companies that help set up condo associations so that they function smoothly in collecting fees, maintaining common property, and controlling the upkeep of units by individual residents.

Could the private street concept be extended to high-density neighborhoods dominated by multiple-occupancy buildings? Newman, a staunch advocate of privatization in single-family-home areas, is skeptical. When pressed, however, he acknowledges that he's seen it work in University City, a suburb adjacent to the West End of St. Louis. Yet he believes that in general private streets in such situations would not have the dramatic effects evident in St. Louis because the residents would not be the street owners and so would not regard it as *their* neighborhood and take care of it accordingly.

It is evident, however, that the owners of apartment buildings would benefit just as much as homeowners from the stability and reduced crime levels that accompany privatization. If that option were made available to them and its potential benefits made clear, it is likely that they would find it in their interest to join in street associations and take measures to reduce crime and maintain the quality of the neighborhood.

Likewise, commercial areas could benefit from the concept. Here, of course, the opposite of closure without privatization—that is, *privatization without closure*—would be appropriate. The benefits to merchants' owning their own street would be the ability to control the quality of enterprises on the street (for example, their charter might exclude porn shops or, in a classy commercial strip, fast food restaurants); to require individual owner/members to keep up their property; and probably to jointly purchase private security services, just as some of St. Louis's street associations do.

Extending private streets to more neighborhoods and to untested settings is a radical approach—aimed at a desperate situation. There are so few cases to study that many experts are reluctant to guess how far it might take us toward solving the problem of urban decay. One thing is certain, however: the infusion of billions of dollars in government urban renewal programs has done very little. And the existing evidence on private streets looks promising. For the St. Louis Solution to work on a large scale, though, local municipalities must give residents and merchants tax incentives.

With HUD perhaps ready to steer others in a new direction, the 1980s could be an exciting period for a new kind of urban renewal—one that doesn't depend on government handouts. Instead it can make private citizens and business firms responsible for their own property and welfare. And if some of the nation's leading urban analysts read the signals correctly, the St. Louis Solution stands a chance of working. ◧

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IMPRESSIONS OF GUATEMALA

By Tibor R. Machan

The Guatemala News

GUATEMALA CITY, FRIDAY, MARCH 13, 1981 — VOL. 5 No. 21 — 20 CENTS

Veteran Educator Explains U. Vote

By Jane Ragsdale

Problems in the election of a new rector for the University of San Carlos have been a long time coming and are compounded by election culiness, Mario Dary, a candidate in the disputed election, indicated that protests from activist students are not as much a problem as is the fear students generally express of getting involved.

That fear has indirectly caused a deficiency in the number of eligible teachers to fill positions on the Electoral Board.

Since 1974, Dary explained, students have refused, for political reasons, to serve on the bars which selects "opposition professors"; the only teachers who qualify to serve on the electoral Board.

For example, in the School of Law, Dary said, only three of a hundred professors are eligible to serve.

Professors by opposition are those selected by a jury of half teachers and half students to serve under six-year contracts. They are selected after advertisement of a vacancy and interviews of applicants.

Other instructors are hired on one-year contracts.

Dary estimates that only 150 students out of more than 30,000 enrolled are members of the activist Robin Carcia Student Front (FERG), which has protested the rector elections on the basis that the candidates have compromising ties with the government.

"The delay in the elections is not the fault of the students," Dary said. He added 80 to 90 percent of the students don't want to participate because of threats they receive from those who are political activists.

The Electoral Board, which is designed to have 156 members, would have only 112 at most if all the student positions were filled and all eligible professors participated.

"The elections are not truly democratic," Dary said, because from the thousands of re-

(Continued on Page 4)

Belize Accord

A provisional accord for the future of Belize was signed Wednesday in London by representatives of Great Britain, Guatemala and Belize.

Details of the agreement, which have been actively regard for half a dozen years, will be revealed simultaneously in each country on Monday.

The accord, which President Romeo Lucas pledged his administration, sets the date for Belize's Independence at the end of the year.

TV Newscast Switched Off

The prominent television news program Aqui el Mundo, went off the air Sunday night in an "interruption" of operation which has no foreseeable end.

The program's director, Mario David Garcia, is said to be in either Mexico or Miami since Saturday, following threats against himself and his family and reported calls and grenade attacks on house and car.

Garcia telephoned from Mexico late Sunday afternoon and spoke to members of the staff, instructing them to leave the Zone 9 office and suspend the newscast, an Aqui el Mundo employee told The Guatemala News.

The threats reportedly began after the capture of a messenger from the Revolutionary Organization of the People in Arms (ORPA), who was delivering a guerrilla bulletin to the Aqui el Mundo offices after hours.

A guard at the building pursued and caught the messenger and turned him over to police.

The Guatemalan Presidents Tuesday urged Aqui el Mundo to reestablish its operations quickly and asked news organizations to unite against intimidation of the press.

He pledged protection of the news organization and its employees.

The hour at 1 p.m. and at 10 p.m. that el Mundo program by the Aqui el Mundo team up on Channel 3 are now taken up by regular programming.

One of two national TV newscasts, Aqui el Mundo was operated independently from Channel 3.

Political Leader Shot in Zone 9

Gonzalo Yurrita Cuesta, 36, well-known leader of the revolutionary Party (PIT) and secretary general of the National Reconstruction Committee, died in machine gun fire Tuesday afternoon on the street in Zone 9.

His chauffeur, Herc Huano Lopez, 42, was also killed as they drove from Zone 1 and toward his residences along 2nd Calle between 7th Avenue and Reforma. It was reported that his son and a friend were also in the car.

Yurrita, a former congressman, had been on the PIT board of directors but had resigned his post to join the dayside Illue and while branch of the PIT, from which he later withdrew.

One of his last public appearances was as a panel participant on the news program Aqui el Mundo.

Yurrita had been a mayoral candidate for Guatemala City and was rumored to be interested in running for Congress in the next elections.

MARIO DARY

Guerrilla Records Released by Gov't.

The government of Guatemala denounced last week what it termed an "international plan against Guatemala" and accused Nicaragua and Cuba as principal backers.

According to an official press release, the death of a rebel called "Commandez Manolo," who worked in the Quiche area, He possessed documents which were drawn up in Managua and Havana, in which material support from the Nicaraguan and Cuban governments was pledged to the Guatemala guerrilla movement and the four major guerrilla groups were urged to unite.

Three meetings aimed at unity were held in September 1980, the documents says, attended by Ricardo Ramirez de Leon, "Commandante Rolando" for EGP; Rodrigo Asturias Amado, "Commandante Gaspar" for ORPA; Jorge Ismael Soto Garcia, "Pablo Monsanto" for FAR; and Jose Alberto Cardona Aguilar, "Commandante Marcos" for PGT.

(Continued on Page 9)

DECORATING THE summer home of romonte villagran throughout the country are banners announcing the national census. The first in eight years, which is to begin March 25. The Sunday market in Momostenango a old plaza has been taking place under the census banner for several weeks, as even those who can't read still know about the preparation census by the time it happens.

Recently I was invited by a private university in Guatemala to give a week-long series of lectures there. I had never before been to Central America. With this area of the world figuring prominently in the news because of escalating political violence—and figuring equally prominently in the Reagan administration's foreign policy pronouncements—and with my own academic work being focused on political philosophy, I took a keen interest in Guatemala's situation.

Of course, a society cannot be understood and evaluated on the basis of a week's visit. Yet with political bias now prevalent in the social sciences and advocacy journalism in much of the media, one must grab the chance when at hand to get a glimpse of the truth through the meager but honest observations possible on short visits.

EARLY WARNINGS

It comes down to this in regard to my own recent visit to Guatemala. I did get a careful glimpse at the land, the culture, the day-to-day politics, traffic, economics, leisure, education, and related features of the country. I met with an admittedly small group of people. I read only bits of Spanish but several issues of Guatemala City's English newspaper.

Prior to going I had undertaken a brief reading program. I searched the daily

Bullet-proof cars, indiscriminate violence, and cocktail parties —A first-hand look at one of Central America's trouble spots

press for news from Guatemala and Central America. But more than that, I tried to appraise the credibility of news reports and came up less than enthusiastic about what reporters do to show us that their reports are trustworthy. I found lengthy stories on Central America in such publications as the *New York Review of Books, Green Revolution, Inquiry,* and so forth, but they were seldom anchored for the reader on anything more solid than "reliable sources" and "reportedly"s. I also read reports published by such groups as the Heritage Foundation and the Council for Inter-American Security. Here, too, credibility was difficult to establish. One is left with the uncomfortable suspicion that political hot spots attract ideologically zealous members of the press.

And Guatemala, while not as much in the news as El Salvador as I made preparations for my trip, is definitely a political hot spot. At the university in Santa Barbara, my office is across from that of a graduate student from Turkey—now, actually, serving in the Turkish army—who happens to be a forthright, unapologetic Marxist-Leninist. He is the sort who will say that, well, yes, Stalin was unfortunate but very necessary for his time, the kulaks being a reactionary element that had to be wiped out with some unfortunate side effects. When I mentioned to him that I had been invited to Guatemala and the circumstances of the invitation, he exploded, "Surely you aren't going to go?"

I answered, "Of course. Barring an outright threat on my life, I will take this opportunity to get further play for the good words I tend to speak and to see for myself some of what the fuss is all about. Then there is the money I will receive for my work there."

"Then I won't blame them in the slightest if they kidnap and murder you," came the earnest, thoughtful answer.

This gave me pause, of course, but not cold feet. Those crept up on me as my day of departure neared, surrounded by news reports of the nonaccidental demise of various prominent citizens in Guatemala City, including several professors at the national university. I wrote to my prospective hosts and received the somewhat perplexing reply: "As to your personal safety, don't worry. This is a very peaceful and secure country, in spite of what some American newspapers say." Could Amnesty International be so far off? Could *Green Revolution*? Could AP and UPI? Or was there a caution in that reply that I could not discern? (It turned out that the operative term was "personal safety." And sure enough, I got back safely.)

The day came, I left on Pan Am, and was picked up in Guatemala City in a bullet-proof car by one of my extremely gracious and intelligent hosts. Outside of the car's equipment, no special care was taken. No one even seemed to notice us, although with my 6-foot, 2-inch sandy blonde structure I could not be confused with the locals, I can assure you.

FIRST IMPRESSIONS

Guatemala, about the size of Ohio, is very hilly everywhere except in the northern part and by the Pacific Ocean, with a mild, humid climate. Farming is widespread but not very efficient because the topsoil is shallow. Coffee, sugar, bananas, and more recently, cardamom (used extensively in the Middle East) have been the major exports.

Sixty percent of the people are natives of varying Indian origins. They range from the few virtually modernized—approaching middle-class in and near the cities—to the many illiterate and superstitious in the countryside. Present-day Guatemala was mostly part of the highly developed Mayan civilization. After conquering the Indians in the 1520s, the Spanish ruled the area for 300 years, and in terms of social status their descendents still dominate Guatemala.

One is left with the uncomfortable suspicion that political hotspots attract ideologically zealous members of the press.

But by "social status" I do not mean political power, which is actually in the hands of a group of people who seem to feel socially inferior. Judging from what I have learned about some of the military people in the country, the arm of government consists of what we might call lower-middle-class bullies. For example, many officers of the Guatemalan militia are eager to defend their name and honor by way of killing people they personally regard as enemies of the society. It is a tragic joke among Guatemalans that if one wishes to have someone done in, all that's necessary is to make sure that word gets to the military claiming the party is a communist. Personal grudges sometimes get settled in such wonderfully civilized ways.

Nevertheless, the classy part of the society still consists mainly of those who trace their origins back to Spain or to the Austro-Hungarian or French royalty. But a middle class is in evidence as well.

The influence of American culture, partly from sheer emulation of its styles, music, movies, and technology, and partly from the osmosis that friendly trade fosters everywhere, cannot be missed. Guatemala City, 5,000 feet above sea level and the largest city in Central America, is dotted with modern hotels, shopping centers, and arcades, mostly built by US firms and altogether indistinguishable from those found in Hawaii or Florida. There are, as well, beautiful resort hotels by such scenic places as Lake Atitlán, about 100 miles west of Guatemala City and ringed by three volcanos. Almost the entire country is subject to earthquakes, and this has shifted the centers of commerce, culture, education, and government several times in Guatemala's history.

The Universidad Francisco Marroquin to which I was invited is a college in Guatemala City established about 10 years ago to teach a variety of college programs, with a liberal arts curriculum guided by the philosophy and especially the economics of Ludwig von Mises, the 20th-century leader of the Austrian school of economics. The university's president, Manuel F. Ayau, is a prominent Guatemalan citizen, a father of six and the head of a family that dates far back in the country's history as well as to origins in various parts of Europe. Ayau is an industrialist as well as a very impassioned, cheerful, relaxed man. He grew up in North America, studied engineering, and speaks English fluently. The school's programs include, in addition to the humanities and economic and social sciences, medicine, law, computer science, clinical psychology, and architecture, all unable to accommodate all the applicants each year.

The university, as it is always called, is a smashing success. I lectured there on five occasions, in English, and found the quality of students and faculty distinguished by eager interest in the topics

covered—human liberty in the history of political philosophy—and by the intensity of intelligent inquiry into how these matters related to Guatemala's present circumstances.

POLITICAL TALK

That I was often asked, even against my wishes, to comment on the country's situation, at least in general terms, pointed up a widely noted difference between Central or Latin American regimes and those closer to the Soviet Union, namely, that the former are authoritarian and the latter totalitarian. In regimes that tilt in the direction of elitist or military government, only direct attacks and organizational assaults on particular leaders or government agencies are regularly met with reprisals. Theoretical challenges to the system are not forbidden and not punished.

The same is not true in totalitarian systems. No one in Guatemala ever said to me or anyone else: "Watch out, the walls have ears"—a standard warning even now in Soviet bloc nations. Nor did Guatemalan police authorities require that I appear in their office the day after arriving in the country, to be quizzed about my purpose, as did the Hungarian police when I visited there several years ago.

On the other hand, in Hungary I had no fear of arbitrary, terrorist-style attacks. Terrorism as such is not generally known in totalitarian systems (probably because everything is under thorough control and supervision by the *official* terrorists, leaving no cracks through which enemies of the State might launch an attack). In Guatemala, the fact is that my visit was constantly punctuated by reminders that things are out of hand. Many businesses, both connected and unconnected with tourism, post 40 percent losses that are commonly blamed on the terrorists. When *Green Revolution* urged that Americans stay away from Guatemala, they needn't have bothered. Many Americans would rather go to a peaceful concentration camp, such as the Soviet Union, than to a dangerous madhouse in which it is difficult to tell who is right, who wrong, and where no one is decisively in charge and thus violence is on the loose.

One of the sad things in Guatemala is that symbols are often taken for substance, as in other countries where the disenchanted and maltreated have only Marxism with which to make sense of their opposition to the system. Everyone not embarking on the overthrow of the system by violence is regarded as part of the system. The American press has, of course, followed the pattern uncritically. When leftists in Central America kidnap some wealthy person, this is tacitly sanctioned, since by not being one of the destitute poor, the wealthy person is automatically classified with the oppressors. Nonsense, of course, but widely embraced nonsense at that.

THE STATUS QUO

The fact is that not many people there respect the present regime—a collection of militantly authoritarian paternalists who maintain that their authority, because democratically derived, is legitimate. There are genuine parties, although others are outlawed; and there are elections, although vote fraud is frequently reported. The president is elected directly for a four-year term and cannot succeed himself.

Many Americans would rather go to a peaceful concentration camp, such as the USSR, than to a dangerous madhouse where no one is decisively in charge.

The economy is run along familiar Keynesian lines. The place is a welfare state, and as usual this means lots of welfare for many bureaucrats, some for the rest. As to local topics that remind one of home sweet home, the municipal bus company charges only five cents for a ride, but most people take the privately run jitneys, which stop anywhere you want them to but cost more than the municipal line. All the standard welfare-statist troubles known across the spectrum of western and eastern bureaucracies can be found in Guatemala.

The national university of Guatemala, with around 30,000 students, is protected by Guatemala's constitution against government interference. That university is home to various left-wing groups, several of which are in constant internal fight over who should control its nearly $4 million annual budget. It is widely acknowledged that 80 percent of the students care not a whit for the political goings on, but the rest are all left-wing and all entirely protected from the wrath of the so called right-wing regime.

A professor of humanities whom I had a chance to talk with briefly mentioned that, so long as nothing is said explicitly about some group or leader, there is no danger. Only those who get involved in politics—campaigns, criticism of people, etc.—need fear for their lives. Self-delusion? The week I arrived, the dean of the College of Law and director of the School of Political Science at the national university was kidnapped, reportedly by groups friendly to the government, in retaliation for a leftist kidnapping of the brother of some government bigwig.

This and other snippets of news prompted me always to ask, "Well, is this just the way these countries have had it all along?" Those whom I asked nodded and shook their heads, saying something like, "Yes, largely, but before it was mostly internal. And even when the far left succeeded, they were locals. Now it is outsiders."

One hears much about the need for land reform in Central American countries. Some attempts have been made in Guatemala, but they were at best odd experiments and at worst cruel jokes. Starting in 1951, various regimes have expropriated land from the wealthy; some has been given or sold for nominal sums to natives on the condition that they improve the land by a certain time, something that was impossible by any reasonable standard but not evident to the natives themselves. After a few years they were ousted, having been told that they didn't accomplish all the improvements, only to have the land resold to the wealthy in better condition than ever. And it is the government that carries out such wonderful programs.

The forces of liberation advocate something else, of course, namely, the partitioning of land into little plots so that everyone can have a roughly equal share. But that would spell the demise of agriculture in Guatemala because of the poor quality of much of the soil.

UNNERVING VIOLENCE

Caught in the middle of all this are a few individuals who have come to ap-

(Continued on p. 37.)

NASA Flimflams Congress

Astronaut and advanced-design shuttle float above kilometer-sized SETI antenna in orbit (1976 NASA artist's concept)

IS THERE INTELLIGENT LIFE in outer space? Nobody knows, but some scientists think there might be. Back in 1959 physicists Giuseppe Cocconi and Philip Morrison first proposed that if extraterrestrial civilizations exist, they might communicate with one another across interstellar distances, using signals within a specific, narrow frequency range. Other papers followed, among them a now-classic 1966 book by I. S. Shlovskii and Carl Sagan, *Intelligent Life in the Universe.*

From speculation about how many suns might have planets, how many planets might have life, how many of those would harbor civilizations, and how those civilizations might communicate, space scientists soon progressed to the next step: a plan to collect data. The first such proposal was Project Cyclops, set forth in 1972 by B. M. Oliver and J. Billingham.

The basic idea was to have the National Aeronautics and Space Administration set up a network of computer-controlled radiotelescopes to listen for radio signals in what were estimated to be the most likely frequency bands. Before long, a general term for such plans came into use. As with all NASA projects, it quickly became known by its acronym, SETI—the Search for Extraterrestrial Intelligence.

In the mid-1970s a specific plan for a SETI program was developed within NASA, for inclusion in the agency's fiscal year 1979 budget. Distinguished scientists prepared a rationale, and the NASA budget went before Congress—only to have the SETI program be shot down in flames by the Senate Appropriations Committee. Even worse for SETI advocates, from a public relations point of view, was the reaction of the committee's chairman, Sen. William Proxmire. You guessed it: Proxmire awarded the SETI proposal his celebrated Golden Fleece award as the "biggest, most ironic, or most ridiculous example of wasteful spending for the month."

Proxmire recognized NASA's modest first-year request—about $3 million—as a foot in the door for far more ambitious expenditures in the years to come. Within a few years the spending for SETI was to have risen tenfold. By the 1990s, NASA hoped to have an Apollo-scale, open-ended SETI program under way.

Among the options under serious consideration were a gargantuan radio telescope in earth orbit and even a full-blown SETI colony on the far side of the moon. One of the reasons for advocating SETI set forth internally by NASA Office of Aeronautics and Space Technology was astonishingly frank: "no clear program office responsibility." It was the ultimate Washington nightmare: an office in search of a reason for existing.

When Congress explicitly refused to give NASA a SETI program, the matter seemed to end. NASA officials publicly maintain that no SETI activities continue at all today, except perhaps for a very few low-level investigations that are not part of any organized plan. In my first inquiries to NASA I was told outright that no SETI program exists, and REASON editors checking up on my story were told the same things (see box, p. 32).

IN SEARCH OF SETI

It is common knowledge in the scientific community, however, that this is not true, and the zeal shown by NASA in keeping the wraps on its SETI activities made me especially anxious to dig deeper into the matter. I had soon obtained enough specifics from private sources to use the Freedom of Information Act (FOIA) to obtain from NASA documents showing that, despite the refusal of Congress to appropriate funds for it, NASA's SETI program continues almost as if nothing had happened.

Through unofficial channels I learned that my FOIA requests had generated anxiety almost bordering on panic among SETI officials. One source said that people in the SETI office "ran for cover" when the request was presented. At first I received only nominal com-

NASA/Ames Research Center

NASA's Search for Extraterrestrial Intelligence: Congress nixed it, Proxmire fleeced it, but *Reason's* reporter discovered that SETI still exists—it's just gone underground.

By Robert Sheaffer

pliance with my requests, but after several iterations the full outline of the new, unannounced SETI program was documented. The program is a joint effort between NASA Ames Research Center at Moffett Field (Mountain View, California) and the Jet Propulsion Laboratory (JPL, Pasadena), with the program being managed by Ames. JPL is spending $500,000 in fiscal year '81 alone, with the total budget estimated at about $1 million. Funding for FY '82, not yet secured, is requested as $3.5 million, a sum equivalent to that requested for the "above ground" SETI program that was axed by Proxmire's committee.

How has NASA effectively circumvented both the Congress and the Golden Fleece problem? Its strategem is amazingly simple: the term "SETI" does not appear as a *line item* in the present NASA budget. Buried deep within the budget for NASA's Department of Life Sciences, however, a small appropriation for "exobiology" found its way through Congress where "SETI" had failed. SETI is indeed within NASA, but is simply not "called out" as a separate item. Congressional overseers of the NASA budget, whom I initially contacted for information, were unaware that any SETI program even existed.

A 1980 technical paper which I obtained from NASA via FOIA explains:

During the late 1970s, intensive effort was undertaken at the Jet Propulsion Laboratory (JPL) and Ames Research Center (ARC) to obtain the initiation of a formal SETI ("Search for Extraterrestrial Intelligence") Program under NASA sponsorship. Starting in Fiscal (FY) 1980, such a program has come into existence. The NASA SETI Program is a Research and Development effort with primary thrust to search the microwave region of the spectrum for signals of extraterrestrial intelligent origin.

SETI was advocated in response to the ultimate Washington nightmare: an office in search of a reason for existing.

The program will utilize custom SETI radio equipment on existing radio telescopes.

Since at least 1975, Ames and JPL had been quarreling over the SETI approach to be used. Ames has long favored a "targeted search," where objects of potential interest are identified in advance and carefully scrutinized. JPL has consistently lobbied for a "sky survey," in which no effort is made to prejudge where intelligent signals are to be found, searching the entire sky for possible signals of intelligent origin.

TWO-PRONGED COMPROMISE

The NASA SETI Program represents a compromise, adopting both approaches in a "two-pronged search strategy." The targeted survey will examine all attractive stellar candidates within about 75 light years of the earth, in the radio band from about 1 to 3 Gigahertz (which includes the well-known 21-centimeter hydrogen line, as well as all of the band that Carl Sagan calls the "water hole," prime SETI territory). The sky survey will examine all directions in space in the band from about 1 to 10 Ghz. Because of the vastly greater area and bandwidth to be scrutinized, however, the sensitivity of the sky survey is only 1/1000 as great as the more limited targeted search.

The heart of the new program is to be a custom-designed Multi-Channel Spectral Analyzer (MCSA), currently under development. It is expected that any signals of intelligent origin will be of extremely narrow bandwidth, unlike natural sources that radiate over broad portions of the radio spectrum. A narrowband signal will stand out more distinctly than a broadband signal of equal power output, but it is correspondingly more difficult to locate because one must hit the correct wavelength precisely.

For this reason the MCSA's design is very different from that of conventional radio astronomy equipment. Conventional equipment typically examines something on the order of 1,000 separate radio channels, each with a bandwidth of a few thousand hertz. The SETI MCSA, looking for signals of intelligent origin, will be able to examine some 8 million separate channels simultaneously, each with a bandwidth as narrow as one hertz.

There is no known natural source of radio signals of such narrow bandwidth and no reason to suspect that any such signals exist. While it is true that conventional radio astronomers will no doubt show at least some interest in the new equipment, one of the requirements of the SETI program is that "non-SETI telescope operations will be on a non-interference basis with the SETI system configuration."

HIDDEN COSTS

According to NASA's official August 15, 1980, SETI *Program Plan,* the program's cost is currently projected as follows:

FY '80	$0.5 M	FY' 85	$8.5 M
FY '81	$1.0 M	FY '86	$9.2 M
FY '82	$3.5 M	FY '87	$6.4 M
FY '83	$6.0 M	FY '88	$4.3 M
FY '84	$7.8 M	FY '89	$3.7 M

Total: $50.9 M over 10 years

This includes what NASA subtly terms a "program funding wedge," beginning in FY '87, "to pursue other search approaches that have not as yet been proposed or perhaps even formulated.... revised versions of the Program Plan will present increasingly concrete applications of the funding wedge." Discounting inflation, this is only slightly less expensive than the $60 million "above ground" program being drawn up by NASA in 1976 but axed by Congress. The present SETI *Program Plan* mentions none of the multibillion dollar programs under serious consideration earlier, such as the gargantuan Project Cyclops or massive radio telescopes in space.

According to the SETI *Program Plan,* "A 'Space Science Notice' will be issued by the NASA Headquarters SETI Program Office in FY '81, in the form of a 'Dear Colleague' letter. Its purpose will be to inform the scientific community of the nature and existence of the SETI Program, and to apprise them of the continuing opportunity to submit unsolicited proposals for participation." No mention is made of any plan to announce the existence of the program to the *public,* however.

In fact, quite the opposite appears to be the case—as noted earlier, NASA has

THE TRUTH WILL OUT

We first received an article from Bob Sheaffer uncovering NASA's SETI program back in August 1980. The source for most of the story was his contacts within the scientific community and a person on Senator Proxmire's staff. It looked like a good article, so we began the fact-checking process.

When I called that Proxmire staff member, however, to confirm some figures and update others, he replied that NASA had no SETI program!. I suggested that it might be going on even without being a line item in the NASA budget, but he insisted that NASA did not have a SETI program, line item or no.

My next move was to contact NASA directly. I called the person who heads up the Exobiology Division, told him we were looking into various space research efforts, and asked him what Exobiology was doing. He rattled off a list of concerns, none of them sounding like SETI. Was there any program to look for intelligent signals from space, I asked? No, he replied. Ames and JPL were doing a little work on how it would be done if it were to be done, he admitted. But there was "no SETI project."

The name of the man I spoke with is *Donald DeVincenzi,* who shows up as "SETI Program Scientist" on an organization chart (right) found in NASA's SETI Program Plan, which is dated *August 15, 1980!* That Plan was obtained only after we had sent Mr. Sheaffer back to the drawing board and he resorted to FOIA requests. Evidently, NASA would rather Congress and the public didn't know about SETI.

—Marty Zupan

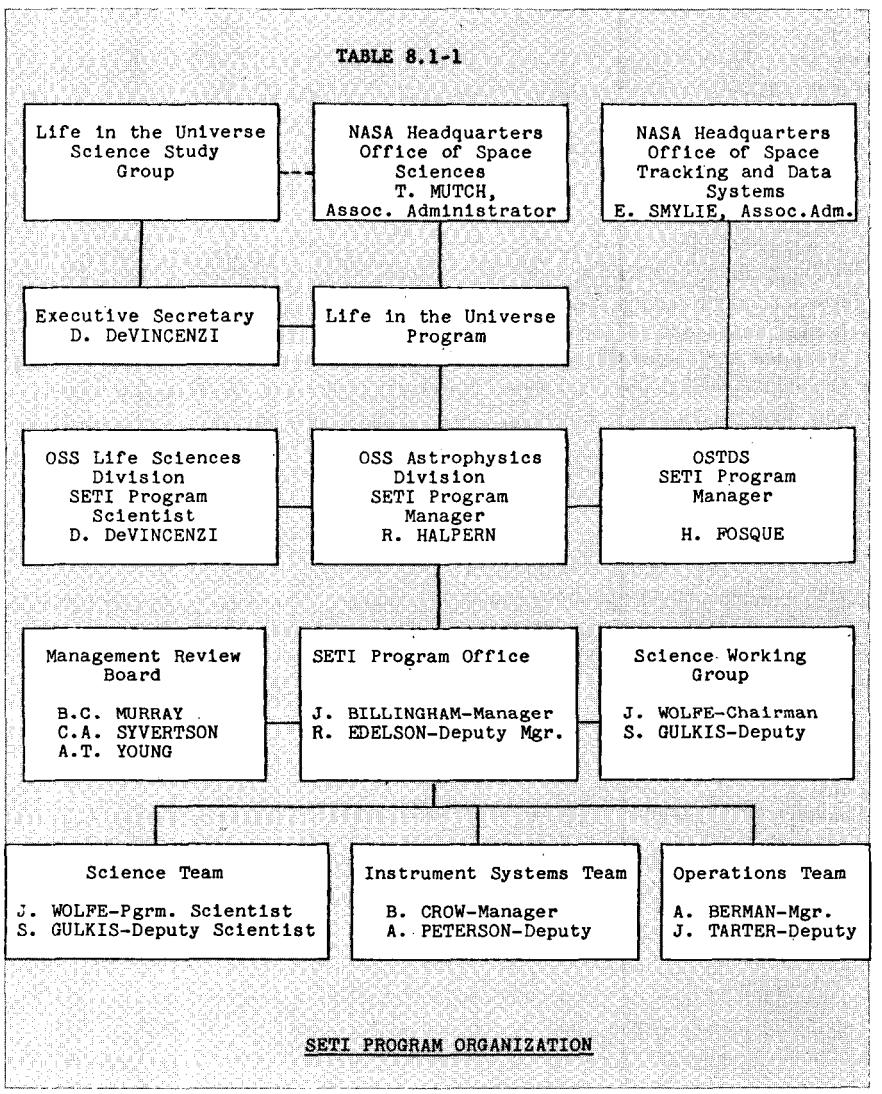
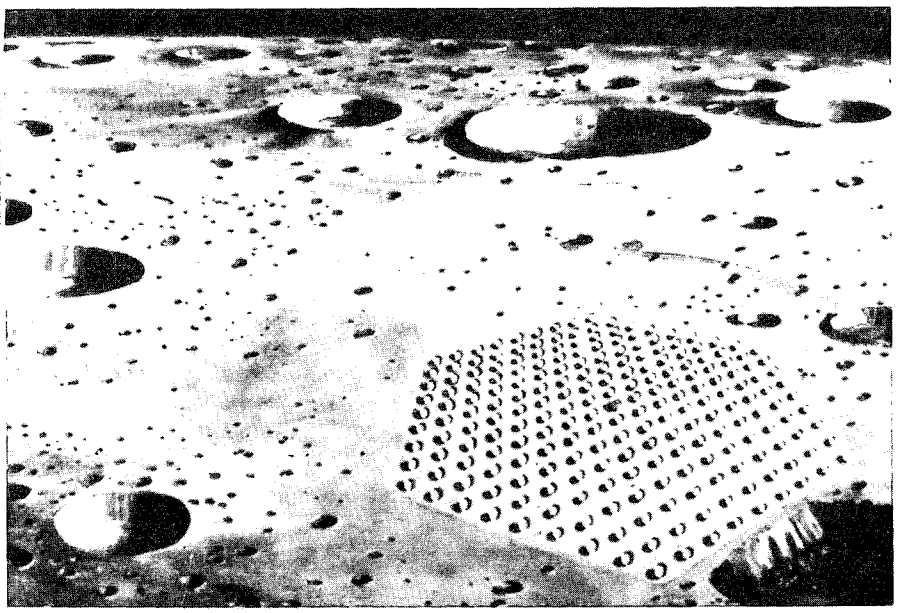


TABLE 8.1-1
Life in the Universe Science Study Group
NASA Headquarters Office of Space Sciences T. MUTCH, Assoc. Administrator
NASA Headquarters Office of Space Tracking and Data Systems E. SMYLIE, Assoc.Adm.
Executive Secretary D. DeVINCENZI
Life in the Universe Program
OSS Life Sciences Division SETI Program Scientist D. DeVINCENZI
OSS Astrophysics Division SETI Program Manager R. HALPERN
OSTDS SETI Program Manager H. FOSQUE
Management Review Board B.C. MURRAY C.A. SYVERTSON A.T. YOUNG
SETI Program Office J. BILLINGHAM-Manager R. EDELSON-Deputy Mgr.
Science Working Group J. WOLFE-Chairman S. GULKIS-Deputy
Science Team J. WOLFE-Pgrm. Scientist S. GULKIS-Deputy Scientist
Instrument Systems Team B. CROW-Manager A. PETERSON-Deputy
Operations Team A. BERMAN-Mgr. J. TARTER-Deputy
SETI PROGRAM ORGANIZATION



NASA/Ames Research Center

Another of NASA-Ames's SETI proposals under serious consideration about 1975-76: a full SETI colony, with a Cyclops array (shown in the artist's depiction above) and a lunar base, allegedly to be built on the far side of the moon. No lunar colonies are proposed in the current SETI Program Plan.

resisted my every attempt to learn about its SETI program. My first FOIA request to NASA headquarters in Washington, D.C., brought only nominal compliance, and I received only three documents, which were already on public record and all of which predate the current SETI program. This was alleged to represent the sum total of all SETI documents at NASA headquarters from January 1, 1978, to the present! My second FOIA request to NASA headquarters had produced absolutely no response after more than 90 days, in apparent violation of the Freedom of Information Act.

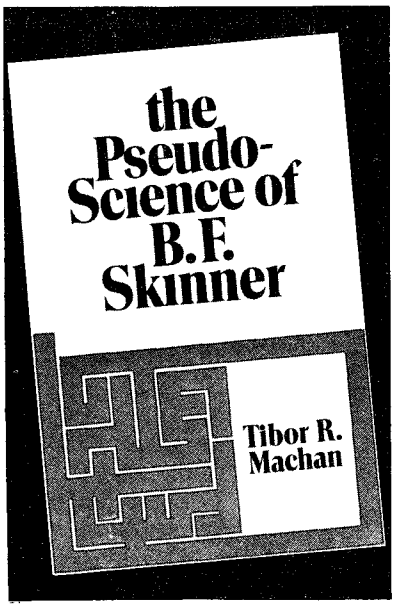
NASA JPL released certain technical papers describing the SETI program but refused my request to see technical documentation on the SETI radio receiver on the grounds that "it is strictly in a research and development phase." I am not aware of any such provision in the Freedom of Information Act concerning unclassified civilian government papers. NASA-Ames at first objected that the *sheer volume* of SETI material made it impossible to comply with my request (a strange response concerning a nonexistent program!), but after clarification of my request Ames willingly provided a copy of the NASA SETI *Program Plan.* Both JPL and Ames were specifically asked to provide a detailed breakdown of their current SETI budgets; neither one sent any budget documents. However, since some budget information is contained in the SETI *Program Plan,* Ames appears to be in substantial compliance with my FOIA request.

A QUESTION OF SECRECY

It is not my intention to pass judgment on the scientific merit of SETI nor on the technical approaches to the problem devised by NASA. Considerable controversy exists within the scientific community on both questions, and I am not qualified to evaluate the merit of each of the positions. It does appear to me that the majority consensus in the scientific community is at least moderately pro-SETI and that NASA's proposed approach can be defended as technically sound. However, it is most unsettling that, having had its above-ground SETI proposal explicitly refused by Congress, NASA has simply proceeded to implement a nearly identical program in a clandestine manner. If the SETI program merits serious scientific consideration, it should be openly proposed and discussed in the same manner as any other scientific program seeking government support. If it cannot pass public scrutiny, it should not be funded. ◧

Robert Sheaffer is a software specialist currently working in California's Silicon Valley. He is a frequent writer on popular scientific subjects and is the author of The UFO Verdict, *recently published by Prometheus Books. This article is a project of the Reason Foundation's Investigative Journalism Fund.*

B.F. Skinner Scrutinized



Psychologist B.F. Skinner of Harvard has become very influential. Prison reform, pedagogy, drug addiction programs, public school reform, etc., are guided by his views.

THE PSEUDO-SCIENCE OF B.F. SKINNER shows why adopting Skinnerism is a mistake. Tibor Machan's carefully reasoned and powerfully written work demonstrates that B.F. Skinner is unscientific. But Machan does not end here. He shows that a dynamic and rational conception of science in fact supports a view of human nature and society quite the opposite of Skinner's technocratic totalitarianism.

You can obtain this book from REASON at 40% off the regular price. Send your check or money order for $5.97 to Reason Press, Box 40105, Santa Barbara, CA 93103.

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LOW-POWER TO THE PEOPLE

By Robert G. Docters

The legalization of low-power television promises to bring you a wide choice in TV viewing.

IN MAY, THE LITTLE TOWN OF BEMIDJI, Minnesota—population, 13,000—came into its very own television station. Ordinarily, it would take several million dollars to establish a TV station, and a viewing audience of 13,000 couldn't support such an outlay. That's why a TV channel allocated to Bemidji in 1966 has never been used. Now, John W. Boler has obtained permission from the Federal Communications Commission (FCC) to build a new kind of TV station in this remote town. The promised station may come on line for less than $100,000 and will provide residents not only with signals imported from a distant station but with local news and public affairs programming, as well as movies and sports on a subscription basis.

What has made this possible is, in the words of ex-FCC Chairman Charles D. Ferris, "the first new broadcast service considered by the FCC in 20 years." It's called low-power TV, and it's set off a wave of excitement in and outside of the traditional broadcast industry.

SPECIALIZATION

A low-power television station, as the name implies, transmits with less power than a conventional station and consequently reaches a smaller service area. No new technology is involved. For over 30 years the FCC has allowed broadcasters to build "translators" that operate on low power to pick up remote signals from other stations, boost them, and rebroadcast the signals. In September 1980, though, the FCC opened new doors when it proposed that low-power stations be allowed to originate programming and offer subscription services.

With start-up and operating costs at just a fraction of those of full-service broadcasting, low-power stations could bring TV to long-neglected rural areas, reasoned the FCC; and with their reduced level of power eliminating the problem of interference with other stations in a metropolitan market, they could cater to specialized audiences not served by the mass-market networks—minority groups, local sports fans, consumer groups, etc. Add the existence of satellite technology to link up low-power broadcasters—say a consumer information network—all over the country, and the possibilities are wide open.

It wouldn't be surprising to find interest in low-power TV—from corporate boardrooms to citizens' groups—running high. But it caught the FCC off-guard. In an unusual move, it had decided to accept applications for low-power stations while its proposed rules were under consideration. Nearly 5,000 applications poured in between September 1980 and April 1981, when the FCC abruptly called a halt so that its staff could get out from under the unexpected deluge.

Among those staking a claim, some applying for over 100 stations: ABC and NBC; Turner Broadcasting System, owner of Cable News Network; Community Television Network, set up by three black former FCC lawyers and backed by Golden West Broadcasters; Citizen Television Network, with Ralph Nader at the helm; the Southern Baptist Convention, with plans to establish the American Christian Television System; and the Phoenix-based Neighborhood Television, backed by Allstate Insurance.

The FCC won't decide until late 1981 whether or in what form actually to go ahead with its proposal to allow low-power broadcasting. Meanwhile, in May it granted the first conditional low-power license to John Boler for the town of Bemidji. Until final approval of rules for low-power broadcasting, the FCC will not process any applications for stations in the same geographical area (for the Los Angeles area, for example, 20 applications had been received by April). And any conditional licenses granted are contingent upon that final approval.

The promised emergence of low-power stations is a small step toward efficient use of the airwaves. For many years the FCC has restricted commercial broadcasting to fairly large blocks of service areas. This is how a few stations have come to serve thousands of square miles and millions of viewers.

The problem is that large service areas are not the most efficient units for reaching certain audiences. Not all those millions of viewers in a service area desire the same type of TV shows. But since broadcasters depend on advertising revenues to provide "free" TV, they must choose programs that appeal to broad segments of society. That's the way to obtain the favorable audience shares that advertisers are looking for.

The result is that shows appealing to fairly narrow segments of society are dropped by the networks. Examples of programs that were intensely popular among smaller viewing groups, and thus faced cancellation on commercial television, include *Lawrence Welk* among elder viewers, *Dark Shadows* among teenagers, *Star Trek* among science fiction fans, *The Waltons* among nostalgic idealists, and *Dick Cavett* or *Paper Chase* among intellectuals. Imagine how many programs have never even been produced because of the pressure to appeal to large audiences.

Of course, some viewers who do not like *Loveboat* (ABC), *Dallas* (CBS), or *Family Feud* (NBC), have been able in recent years to switch to public television. But there are limits to what one additional channel can offer in specialized programming: not everyone wants to see *Masterpiece Theatre*, either. If a wide selection of programs is to be offered to fit the many interests of potential viewers, there simply have to be more stations available.

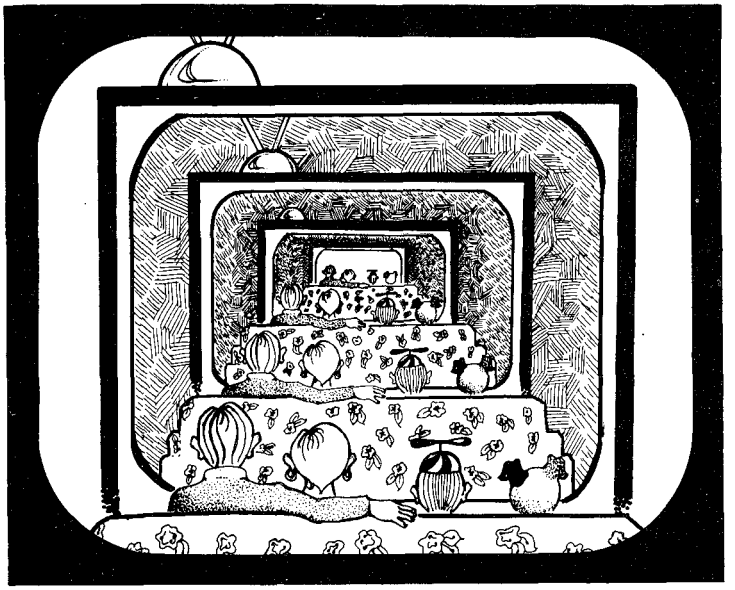
THE SPACE PROBLEM

The advent of low-power stations is a step in the right direction—but only a step. Low-power broadcasting will mean that at least one more option will be available to viewers. These additional stations can provide a valuable, special-

ized, and local alternative. In some areas with empty broadcast frequencies, such as the Midwest, licensing of low-power stations will provide several more program choices, but in major service areas such as New York or San Francisco, there is a channel space for only one more television station.

The only way to provide *many* more program choices for everyone is to allow many more channels for television stations. But that requires that more frequencies, or portions of the electromagnetic spectrum, be allocated to commercial broadcasting. As it is now, broadcast stations are bunched up on a fairly narrow band of frequencies.

It's not that there's a scarcity of spectrum itself, however. The range of frequencies in the broadcast spectrum is limitless, extending from zero to infinite cycles per second, and the technology is still expanding to make more and more of the spectrum usable for communications. But the FCC has preempted most of the usable spectrum for noncommercial purposes. It is this misallocation of spectrum that prevents there being more broadcast stations and more viewer choice.



Allocation of spectrum by the FCC is analogous to federal land allocation in Alaska. One would expect that the vastness of Alaska, combined with fairly low levels of land usage, would result in land being a cheap and easily obtainable resource. However, the federal government has preempted nearly 90 percent of Alaskan lands. This has led to crowding of people onto the remaining land and artificially high prices for that land.

Similarly, because the federal government has preempted most of the usable frequencies, the remaining portions are overcrowded and overpriced. A symptom of the misallocation of spectrum is that a television channel in a major market may command a "price" of over a million dollars; yet it is estimated that if the spectrum were efficiently allocated, the price for the right to use any portion would be essentially nil.

If spectrum use were unfettered by bureaucratic shackles, the potential for cheap communications would be enormous. In May 1977 the House Subcommittee on Communications reported:

> *We could have today, if we wanted, a CB service with 1,000 channels and no congestion. . . . We could have today, if we wanted, hundreds of local radio stations in every community. . . . Our current spectrum-regulation system delays and denies the development of new, effective, efficient and desirable radio services.*

The same regulatory problems prevent better use of television because the current spectrum-regulation also delays or prevents desirable television broadcasting and programming.

REFORM NEEDS

Unfortunately, the FCC has long treated the reform of frequency allocations as a low priority. And present users of the overvalued spectrum like it that way. A comprehensive legislative proposal, HR 3333, which would have reallocated spectrum, was introduced by former Rep. Lionel Van Deerlin, chair of the House Commerce Committee's Subcommittee on Communications.

Because the proposed legislation succeeded in irritating a wide range of special interests, particularly established broadcasters, it was rewritten, only to die a quiet death in committee last year. Although two other legislative reform proposals, S 611 and S 622, have been submitted, progress, if any, on these two bills is expected to be very slow because of intense industry and public interest group pressure. However, various broadcast reform proposals from other sources retain currency.

Most reform proposals consider all three of the parameters that define a broadcast station: frequency, service area, and hours of service. Conventional television stations broadcast in the VHF or UHF bands, are on the air 24 hours a day, and cover an area ranging from 35 to 70 miles in radius around the transmitter.

The low-power television proposals will effect reform only of the unnecessary uniformity of television service areas. It is expected that the rules for low-power television will allow broadcasting over a 10-12 mile radius. The reduced broadcast area makes low-power stations the most efficient conduits of specialized programming to geographically concentrated—say minority groups. Beaming of these specialized programs to (presumably) unappreciative groups outside such small areas is an unnecessary broadcast expense and a misuse of spectrum. Hence, low-power television is an improvement in efficiency. With respect to frequency allocation and hours of broadcast, however, the proposed low-power stations would be quite conventional.

TIMING IDEAS

The typical hours of broadcast for television stations is not the most efficient time-structure feasible. Why have one station on one channel for 24 hours a day? Suppose that, instead, a broadcast company were given two or three channels for one given segment of the day. Rather than let ABC broadcast on channel 7 the whole day, it might be given channels 2, 4, and 7 for the hours of noon to 5:00 P.M.

To see what effect such a system might have on programming, consider the weekday noontime audience. Suppose that 90 percent of the viewing audience wishes to see soap operas, 5 percent prefer talk shows, and another 5 percent want to see old movie reruns. Under the present system, we find three competitive stations each producing a soap opera and capturing about a third of the soap opera audience, or about 30 percent of the total viewing population. The remaining viewers, 10 percent of the audience, are ignored.

Illustration by Melissa Neale

On the other hand, if one company had a monopoly on all three channels during noontime, it would seek to capture the greatest total audience rather than the greatest viewer share possible. With all three channels, it would be able to capture *all* of the soap opera audience, yet have one channel for talk shows and another for movie reruns. This would avoid duplication of programming—for example, all stations broadcasting soap operas at noon, cartoons on Saturday mornings, news shows at 5:00 P.M., or the same special event, such as a presidential speech. Similar improvements in programming could result from partial monopoly structure, as well.

Although restructuring of broadcast hours would lead to more diverse programming, it would again be only a partial reform that would leave other inefficiencies of the present system unchanged. Members of the FCC, legislators, and others are agreed that there is need for *systematic* reform of federal regulation of broadcasting. As usual, however, there is no agreement on the substance of the reforms.

FREE TV

Various proposals have surfaced, the most challenging and radical articulated by a group made up of research engineers, economists, and a lawyer. This group, headed by Arthur De Vany, has recommended the institution of a free-market system of allocating television and radio space. Owners would be free to trade or sell portions or all of their broadcast frequencies, service areas, or broadcast times. As observed in a report from the Office of Telecommunications Policy of the Commerce Department, such a free-market system would have the dual advantages of tending toward economic efficiency and avoiding the problem—always troublesome from the perspective of the First Amendment—of government control of the broadcast media.

Under the proposed system, the broadcast spectrum would initially be auctioned off to various bidders. From then on, voluntary sales of "packages" of a given frequency, service area, and service times would allow the present inefficient or inappropriate allocations to evolve to more appropriate packages. The number of frequencies serving various purposes would automatically and smoothly expand or contract to meet demand. As technological advances made more of the electromagnetic spectrum usable for communication, broadcasters might take immediate advantage of the increased usable spectrum rather than waiting years for bureaucratic approval that may never materialize.

In the free-market approach, small groups with unusual program preferences could obtain access to broadcasting on lesser-used frequencies. Programs in languages that are currently ignored, topics such as women's affairs, sports such as sailing, and other events and issues that do not garner high ratings could be expected to obtain some coverage on television. Similarly, stations could serve small geographic areas without the added expense of having to transmit to huge and unsuitable areas.

In 1978, the broadcast industry's average return on shareholders' equity was 60 percent higher than that for oil companies.

Had there been such a free interplay of economic forces in the broadcast industry, low-power television stations for urban ethnic groups, for example, would have emerged 20 years ago or more. And the local affairs and consumer programming now sought by various activist groups would be a reality today.

PERCEIVED PROBLEMS

Of course, the idea of having a free market in broadcasting is unappealing to some—those who have a financial stake in the system as it is and those who fear the worst from a laissez-faire allocation of resources. Such objections have generated proposals to:

—Run the electronic media like public utilities.

—Use a simulated ("shadow") price mechanism, similar to that used by the Nuclear Regulatory Commission. This system would attempt to parallel administratively, or simulate, allocation by the free market by estimating the market value of a given frequency.

—Instruct the FCC or other administrative body to run the licensing process with greater regard to allocative efficiency. Proponents of these alternatives do not claim that there is any (theoretical) economic advantage to these market substitutes. Indeed, there is every reason to believe that, because of administrative limitations, these market substitutes would be less efficient than a free market.

Despite the lesser efficiency of these alternatives to free-market allocation, various groups perceive advantages in them. Present users of the spectrum wish continued use of their frequencies with no cost to them. If broadcast packages could be bought and sold like land, users would be faced with purchase prices and property taxes or rent. Because current users do not now have to bear these costs, the broadcast companies have traditionally been the most profitable group in American industry. The average return on shareholders' equity for all US industry is 16 percent. The broadcast industry has consistently obtained a rate of 22 percent or more. In 1978, the return for broadcasters was 60 percent higher than that for oil companies.

Other opponents of the free-market proposal harbor a fear of private property: suppose someone bought up a disproportionate amount of spectrum? But the chances of private monopoly of the broadcast spectrum is remote. The electromagnetic spectrum is huge: no one has the financial resources to monopolize it. Since spectrum property rights would be analogous to land and water property rights, the potential for private monopolization of spectrum should be no greater than the potential for monopolization of land and water rights. Finally, the possible harm of private monopoly is less than the danger inherent in federal control of broadcast spectrum.

Although efficiency in frequency allocation is attractive, there is an even more persuasive reason for opting for the free-market approach. Government control of station licensing inevitably involves control of media content. The Supreme Court's decision in *Red Lion Broadcasting Co.* v. *Federal Communications Commission* in 1967 affirmed the federal government's power to control broadcast content. Because the Court found a scarcity of broadcast frequencies (without noting that any such scarcity is a direct result of FCC regulation), the Court argued that government has a right to take away a station's license if it broadcast material contrary to the so-called fairness doctrine.

Licensing of stations is inseparable from some measure of censorship. Elimination of licensing would eliminate governmental evaluation of content; the broadcast media could be put on an equal footing with newspapers and magazines.

BROADCASTERS' POWER

Unfortunately, current political reality makes unlikely any significant change in broadcast industry structure. Some minor change is possible, but progress is likely to be slow. Low-power television is about to go forward long after its desirability was obvious. And low-power television is a relatively minor development.

The more comprehensive, though hardly radical, changes proposed by the Van Deerlin bill were found "too controversial" by Congress. The hearings for that legislation show that the controversy was founded directly upon the opposition of entrenched broadcasters. Broadcasters feared that the proposed changes would erode their profit positions.

One representative of network-affiliated stations in larger cities spoke very frankly at a public hearing concerning the proposed legislation: "The lack of government regulation of the number of other sources of television programs entering the market. . . will cause a drastic fractioning of viewership, and thus [will] drastically reduce our revenues."

The industry pleas for continued high profits through maintenance of the status quo did not go unheeded. The broadcast industry has great influence in Congress. Former FCC Commissioner Nicholas Johnson has described the mechanism for this influence:

Broadcasters elect and defeat officials, and there are a million ways they can do it. For starters, stations determine how much people in their areas know about public issues. They can accept or reject that half-hour on weekend television of "Your Congressman Reports." When he comes back to his district, they can treat that as newsworthy or ignore it. They can give time to those who might challenge him. And, finally, they can editorially endorse.

In addition to local broadcasters who put pressure on their own congressmen, the industry has a well-funded national lobby. These tools for legislative influence will no doubt be called into play against any meaningful reform, for such reform will inevitably mean greater competition in broadcasting and will thus threaten the industry's exceptionally high profit levels.

In spite of substantial obstacles to reform, the introduction of low-power television proves that change is possible. The growing conviction among viewers that current program choices are inadequate, and a general belief that government control of licensing and media content is unhealthy, mean that the impetus for reform of the airwaves will remain. ◧

Robert G. Docters has just completed his second year of law school, holds a degree in economics from Stanford University, and has an FCC Third Class License with broadcast endorsement.

Machan

(Continued from p. 29.)

preciate the prospects of a free society. They are not violent revolutionaries of the sort embraced by many intellectuals as representing the forces of liberation in largely nonindustrial, relatively poor regions of the globe. But they are not among the established rulers, either.

It is not simple to imagine just what such individuals face in a country like Guatemala. Reckless, brutal, Marxist-Leninist thugs on the one side and a scared, unimaginative, punitive, but not wholly repressive bureaucracy, also given to brutal violence, on the other, and with millions of simple folk just emerging from poverty and illiteracy—that kind of domestic circumstance is nothing less than a major challenge to anyone who loves liberty. Universidad Francisco Marroquin is one of their attempts to meet that challenge.

Although these individuals do not support the present regime, they are not spared from the threats of the guerrillas. Such threats are made evident in bulletins issued by the various leftist organizations containing "hit lists." The fact that individuals with greatly varying views appear on these lists indicates clearly that it is not their political points of view but their economic status that is often at issue. It is, perhaps, a case of if you don't join us outright by condoning the violence we practice, then you are one of those on whom violence should be practiced.

This fact of indiscriminate violence is perhaps the most unnerving for a visitor to Guatemala and, I imagine, the other Central American countries in the news. I was transported around town alternately by way of armored, bullet-proof wagons and light sports cars, moving back and forth between the meticulous caution and the reckless abandon showed over and over again by the people I visited. I was constantly told that nothing would happen to me, although I was frequently told this in a Chevy Blazer or Ford Bronco equipped with hand grenades and steel-plated underneath to withstand anyone else's grenade explosions. At lunch, dinner, or coffee, everyone talked about the lurking dangers permeating the realm. One of my hosts, the most prominent of them, even had a young motorcyclist precede him everywhere, sending back word by walkie-talkie about whether unfamiliar cars or groups gathered near his destination.

Yet most of those around me seemed relaxed enough, I should mention—the way I recall feeling during World War II, when daily bombings in Budapest were the norm and where finding a hole through the floor of grandmother's living room was a charming addition to our regular weekend visit. I exaggerate somewhat, of course. But as one local told me, "What do you expect us to do—fret about it all the time? We have got to live here."

More than that, there are thousands of Americans living there who haven't yet decided to move. And these folks, the few I met, aren't wealthy industrialists or retired millionaires but people earning a living from their special professional skills: photographers, whose training is very useful in recording finds among Guatemala's unending treasures from ancient cities, caves, and other archaeological sites; librarians, who can handle college libraries in ways not that familiar to locals; restaurateurs, who are able to tie in with the international market for great varieties of foods; and so forth. I met one family of Americans that has not visited the states for 15 years, yet the members had remained American as well as learned to fit in with the culture with considerable ease—judging from the several excursions we made in the town, some 30 miles outside Guatemala City, in which they live.

From all the circles, native, Guatemalan, American, French, German—of which I met a fair sample for a first-time

visit—I learned that no one is appreciative of the existing regime's political and legal practices but no one wants Cubans to gain a foothold. Why? Of course, personal safety and well being are high on the list of reasons. But many of the folks I spoke to came to their view of the situation before reaching positions of prominence. Others used to think differently and would be much safer even now if they would just not talk of free enterprise and limiting the powers of government. Most, however, still hope that sometime in the near future it will be possible to make serious changes in the direction of a free society—by influencing the new generation, by showing the establishment the error of its ways, by fending off the immediate threat of a communist takeover that permits the trigger-happy right to play its militarist games with impunity.

ENIGMAS

Some of the more interesting comments are difficult to evaluate from my vantage point, of course. Thus I didn't know what to make of the following exchange:

"Surely, whatever distortions can be found in reports from Amnesty International, etc., it cannot be denied that the government of Guatemala ignores the principles of due process of law in dealing with its opponents!" The matter was established fact—even Guatemalan newspapers, sold openly on newsstands, made no secret of it.

"Yes, that is true. Now and then there are attempts to prosecute guerrillas instead of going out and killing them straight off as the military does often these days. But following their conviction, the judge would be murdered. Just like that. Today this serves the government as an excuse, even in cases where there may be no reason to suspect reprisals."

"But isn't it the business of governments to carry on with the maintenance of justice, even in the face of such reprisals?"

"That's all well and good, but we will have no judges left. No one will serve as judges any longer. This country is 60 percent native, largely illiterate, and the system is overburdened...Oh, I could go on, but not even I, a Guatemalan, fully understand."

The exasperation was evident in his eyes and voice. We dropped the topic.

Quite a few conversations I initiated led to dead ends. I wasn't well enough versed in local affairs to press. I did see halls of congress, police buildings, military buildings, and the like surrounded tightly by uniformed guards with their machine guns drawn, peeking through the columns of the buildings as if awaiting an assault on the government at any moment. While traffic in downtown Guatemala City went on normally, with crowds shopping and coming and going to and from work and enjoying Friday and Saturday nights like the middle class from Berlin to San Francisco, there was always this presence of guns. It all kept calling to mind those awful episodes from late-night reruns of *Mission Impossible.*

I must confess that I was relieved when I finally boarded my plane back to the states. Actually, I am almost always relieved to return to the United States, even from tranquil and spotless countries like Austria and Switzerland, where what drives me up the wall is the outright, unabashed regional hatreds that permeate so many conversations. (Yes, "we in this country," to use a phrase favored so much by pundits and talk show hosts, treat people with different geographical and cultural and religious backgrounds with far greater respect than do people anywhere in Europe. Even the allegedly mild Danes speak hatefully of the Swedes, not to mention the north Austrians of their southern country folk!)

Often, it is not their political points of view but their economic status that puts people on leftist hit lists.

But this time I was nervous for my skin. The day before departing, I was being driven to a lake and at one spot in the middle of the road a man lay, most probably dead, with a bashed-in face and something that looked very close to a machine gun hanging across his chest. We saw some people running up to the man, and down the road an ambulance was heading toward us. We didn't stay around to see the details—some ambushes are well engineered, and in hit-and-run cases the police often get the closest patsy who happens by. But whatever the true account of this case, it certainly served to top off my visit with an uninviting goodby.

THE CHALLENGE

In 1976, attending a philosophy conference in Europe, I met and spoke with a philosopher from the Eastern bloc. We talked a good deal about political conditions, and in the course of our wide-ranging explorations I asked about the prospects for serious change.

"Is Marxism live or dead in your country?" I asked.

"Clearly dead, except for the obligatory footnotes in all theoretically oriented books and, of course, in political speeches."

"What are the prospects of overcoming even that and embarking on a new course?"

"There is no answer to that, but here is what I do: make every effort to alter things quietly, subtly, imperceptibly. I am not suicidal. I am allowed to travel. I live reasonably well, and my work [in publishing] is interesting. But every chance I get, I think, *What can I do now to make a little bit of a change?* And believe me, the answer guides my actions."

I got some of the details from him and then, with my journalistic hat on my head for a moment, I asked, "Could I perhaps write this up in an American magazine?"

"No, please don't. Attention is not what I want. Others may need it, but for the sort of behind-the-stage operations I am engaged in, advertisements would be fatal." I never wrote up the story, and I am still reluctant to be more specific than I have just been.

In Guatemala there are folks who are doing the right thing, but as in Hungary, their probability of success is difficult to judge from the outside. This hasn't been some kind of knowing analysis of that country's political affairs, only a reminder that some people who do value liberty in the form defensible as the highest political value in a human society are hard at work and claim some real chance for eventual success. I can only wish them very much good fortune. ◧

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HANDICAPPING AN INNOVATOR

New Jersey's state government and the medical establishment take on a maverick rehabilitation expert. The losers? Handicapped people.

BY ROLAND KIDWELL

Donald Selwyn, wearing an early version of the disputed Cros-Vision glasses, demonstrates a speech clarifier for victims of cerebral palsy.

"THEY COME TO NIRE at the end of a long pilgrimage. They are people who have nowhere else to go. They're the ones suffering from all this."

They are the disabled—quadriplegics, cerebral palsied, hemiplegics, afflicted with vision loss, hearing impairment, or a combination of disabilities. *NIRE* is the National Institute for Rehabilitation Engineering, a charitable organization that offers equipment and training to help handicapped people to perform daily tasks. And *all this* is a four-year-long campaign against NIRE by New Jersey state officials that now has the organization in court to defend itself against a consumer fraud suit seeking up to $93,000 in fines and refunds.

The driving force behind NIRE is Donald Selwyn, its 45-year-old executive director who has been named a codefendant in the lawsuit. Friends and acquaintances describe him as a hyperactive genius. The state of New Jersey accuses him and NIRE of fraud, misrepresentation, and unconscionable commercial practices.

"He's sort of an unorthodox operator, but he seems to get results," says Bernie Posner, executive director of the President's Committee on Employment of the Handicapped. "He's a maverick inventor who has the interest of handicapped people at heart."

NIRE received a humanitarian award from the Joint Handicapped Council-National Society of the Handicapped in 1972 for its contributins to the improvement of health and rehabilitation services in the United States. The organization has been frequently praised by Harold Russell, chairman of the President's Committee, has received mention in the *Congressional Record,* and is supported by several state agencies outside New Jersey that attempt to rehabilitate the handicapped.

But inside New Jersey, consumer officials have been scrutinizing the operations of the private, nonprofit organization since mid-1977. Their interest was whetted when NIRE invented and started selling "Cros-Vision" glasses, a device it says can widen the field of vision of one-eyed people. Selwyn is convinced that the state wants the glasses off the market.

HELPING TECHNOLOGY

Selwyn's work with the disabled goes back to the 1950s, when he designed remote controls for totally paralyzed people to signal nurses at a Wisconsin hospital. In the mid-1950s he was working for an aviation company and, as a sideline, building remote-control systems for paralyzed people, guidance systems for wheelchairs, page-turning machines, and automatic telephone dialing devices. He discovered some retired telephone company engineers working on similar projects and was frustrated that there was no clearinghouse for their research.

In the mid-1960s Selwyn designed a motorized wheelchair run by sensors contained in a helmet worn by the chair occupant. This device was first used by a man, paralyzed from the neck down, who later graduated from Long Island University.

Shortly after the wheelchair gained widespread public attention, Selwyn left his job in private industry and, with the retired telephone engineers, formed the Rehabilitation Engineering Institute in 1967. A few years later the organization changed its name to the National Institute for Rehabilitation Engineering.

Not long after starting up, an anonymous donation of $20,000 came the way of the new organization. Selwyn recruited several doctors to voluntarily examine clients, and NIRE's work was under way. The novel idea was to link engineering skills with medicine—not to

cure or treat a disability but to help a handicapped person adjust to it. Usually, its devices are custom-designed to suit individual clients' needs and aren't available commercially.

For several years Selwyn ran the institute out of the basement of his home in Pompton Lakes, New Jersey, but about four years ago moved into a new cinderblock structure on donated land in nearby Butler. Half the interior of the new building is unused, the result of NIRE's cash-flow problems caused by nearly four years of investigation. Income from contributions and clients has dwindled. The institute had a staff of three paid people at its heyday. Now, the only people regularly at the office are Selwyn, who has worked without pay for two years, and a part-time secretary paid through a government program.

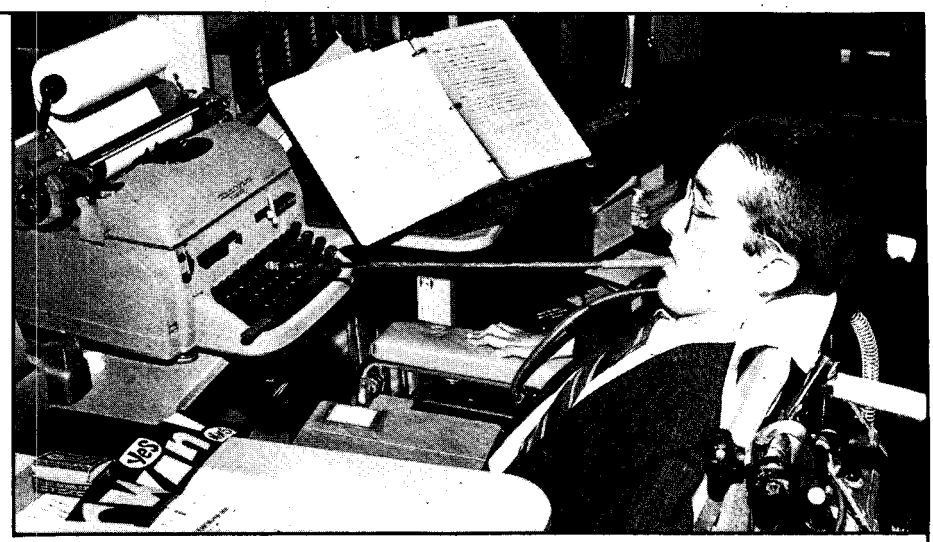
Curb-climbing wheelchairs, voice amplifiers for palsy victims, specialized hearing aids, and a command-control system to allow people with polio and other disabilities to drive are some of the inventions or adaptations made by NIRE. In the early 1970s Selwyn's own disability provided the impetus to create a device to improve the vision of one-eyed people. Blind in one eye since age seven when another child hit him with a rock, Selwyn was especially keen to the trouble monoculars have in viewing objects on the blind side.

The Cros-Vision device, he believed, was not for every monocular but could help some in their driving and other activities taken for granted by those with normal sight. Selwyn, along with other volunteers, served as a guinea pig for the Cros-Vision glasses. With the help of engineers and optometrists, he came up with six variations on the glasses, which consist of a prism clipped to the outside of a pair of regular glasses.

A one-eyed person uses the glasses like a bifocal, looking toward the blind side through the prism, which conveys the image over the nose to the good eye. NIRE says that the glasses, depending on the type, widen the peripheral vision field from 10 to 50 degrees but do not restore stereoscopic sight.

"WORKING OUT FINE"

The early glasses were heavy and ugly, but after several design changes they proved more cosmetic, cheaper to produce, and more effective, says Selwyn. Tests were made on the glasses for several years, and in 1976 the first pair was sold to Marie Matoushek of Scranton, Pennsylvania.



Tom Meath was trained at NIRE to use a breath-controlled wheelchair and adapted office setup.

"They're doing very well, thank you," reported Miss Matoushek in December 1980. The 59-year-old woman works for a Scranton trucking firm and finds that the glasses, for which she paid $800, are helpful in her work. With the glasses, "you have more vision than a person with two eyes," said Miss Matoushek, who lost one of her eyes after it was poked with a coat hanger.

It is estimated that 10-15 million people in the United States are monocular. In April 1977 *Parade* magazine, a Sunday newspaper supplement, wrote up the Cros-Vision glasses. NIRE received what it describes as a flood of inquiries, to which it responded by sending out information on the device.

One of those inquiries came from Thomas Correll, a Pennsylvania truck driver who had recently lost the vision in his right eye. On May 6, 1977, Correll and his wife traveled to NIRE to be fitted with and trained in the use of a pair of Cros-Vision eyeglasses so that Correll could continue to work as a truck driver. For examinations, training, and the glasses themselves he paid $1,073—more than Miss Matoushek because the glasses were of the quality needed by a truck driver.

"The glasses are working out fine," wrote Mrs. Shirley Correll on June 1, but she was distressed that she had been unable to find anyone to insure them against theft or loss. "If you cannot insure them for us—or tell us where we can obtain insurance for them—I will have to insist upon returning them," she concluded the letter. When Selwyn replied to the Corrells, he pointed out that it would be against the law for NIRE to sell insurance and advised them to contact the insurance commissioner of their state for information about a suitable insurer.

The woman and Selwyn haggled by mail about what could be done, and finally Mrs. Correll wrote 17 letters of complaint to such agencies as the Food and Drug Administration and the Better Busines Bureau in NIRE's region. "There was nothing in the contractual agreement to indicate NIRE agreed that they could or would" provide insurance, says Leo Powelstock, the regional BBB's executive director, who investigated Mrs. Correll's complaint. "I didn't view it as a valid complaint and I still don't."

ON THE CARPET

On August 9, 1977, the New Jersey State Board of Medical Examiners wrote a letter to Selwyn requiring his appearance on August 31 at the board's office in Newark. "Information is in the possession of the Board that appears to be advertising," said the letter, and members wanted to discuss the way in which NIRE was "dispensing certain eye equipment." Selwyn was told that his appearance could result in legal proceedings and was advised that he could bring along an attorney.

Of the boards that regulate and license professionals in New Jersey, the most active and feared is the Board of Medical Examiners, which oversees 10 medical professions. At the time, any material deemed by the board to be advertising by medical professionals was forbidden.

Neither Selwyn nor NIRE has ever been licensed by the Medical Board. NIRE does have licensed optometrists working with its vision-disabled clients, a physician to handle health and safety matters, and a psychiatrist to advise the rest of the staff whether a client has mental problems that might affect rehibilitation training. But Selwyn himself, in addition to being the inventor/tinkerer, is NIRE's training director, whose function is to devise and implement methods of training in driving, writing, typewriting, mobility, sewing, painting, etc. As to NIRE itself, a June 28, 1976, letter from the New Jersey Department of Health had advised the institute that it did not require a state license in order to operate.

Selwyn believed that the board had no grounds for ordering his appearance. In response to its letter, Selwyn sent information about NIRE and told the board that it had no brochure for mail-order sales but, upon request, provided sheets that listed the various devices available to the handicapped. He requested an informal meeting rather than an appearance to answer unspecified charges—an appearance that could be followed by administrative fines. The board decided to postpone its proceeding, but what followed bode far worse for an organization that had little dealings with consumer authorities.

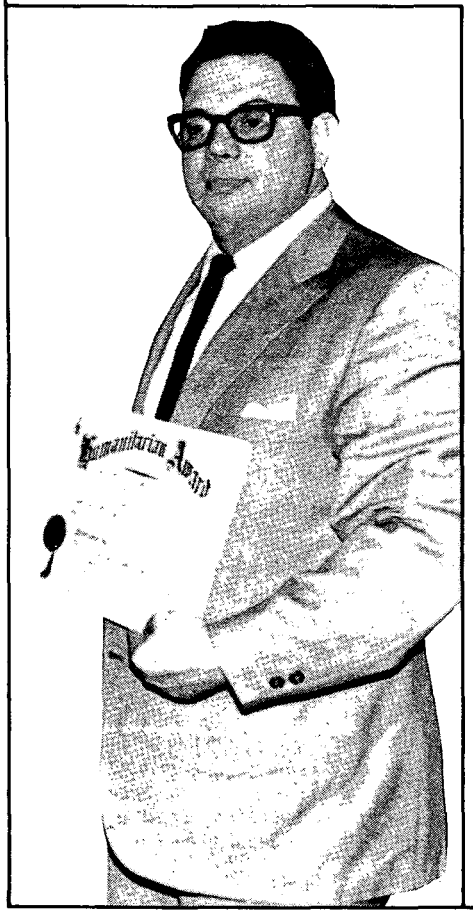
On November 2, 1977, Bertram P. Goltz, Jr., a deputy attorney general of New Jersey, issued a subpoena against Selwyn. He was to appear in Goltz's office on November 17 to testify on the sale of Cros-Vision glasses to the public. The state was acting on Mrs. Correll's complaint.

Ironically, Goltz is handicapped. He has cerebral palsy and walks with crutches. One of NIRE's inventions is a speech clarifier for people with cerebral palsy.

The subpoena notified Selwyn that he would have to testify on the design of the Cros-Vision glasses, their intended use, how they were manufactured, the source and cost of materials used, their advertisement to the public, the names and addresses of all NIRE people who had worked with purchasers or potential purchasers of the glasses, and the names and addresses of and amounts paid by all purchasers. But most of this information, maintained Selwyn, constituted trade secrets or an invasion of clients' privacy. NIRE retained an attorney to file suit to quash the subpoena.

Thus began two and a half years of negotiations in which Selwyn frequently requested meetings with the medical examiners to clear the air and asked that consumer officials advise NIRE how to comply with the law. The requests were denied. The matter was now in the hands of the attorney general's office, replied the Medical Board. And as far as the attorney general was concerned, NIRE could satisfy the law by coming up with the subpoenaed information on Cros-Vision glasses.

Donald Selwyn accepts a Humanitarian Award for NIRE in May 1972.



SHADY OR SHABBY

Curious events, made part of the court record through affidavits, had started happening.

• A two-paragraph blurb on the Cros-Vision glasses was supposed to appear in *Reader's Digest* in September 1977. But the article had been pulled when reporter-researcher Christopher Kirby contacted the New York Association for the Blind (the Lighthouse), which Selwyn calls NIRE's "largest and most bitter" competitor. In a sworn statement, Selwyn has said that Lighthouse staff members warned him several years before that there were enough low-vision clinics in the area and they didn't want another one started.

Kirby, no longer with the magazine, has confirmed that the item was deleted after a July 1977 conversation with Clare Hood, codirector of the Lighthouse low-vision service. "She said NIRE was under investigation and they couldn't endorse the glasses because they were still examining them," Kirby said. This conversation occurred even before the Board of Medical Examiners had summoned NIRE.

• Selwyn received a call from a McLean, Virginia, man who said his ophthalmologist had just told him to cancel his order for one of NIRE's vision devices because he (the ophthalmologist) had been told by a Lighthouse ophthalmologist that NIRE would be getting a subpoena. The attorney general's subpoena arrived a few days later.

• On November 20, 1977, 18 days after the subpoena had been issued, Selwyn spoke before the Chicago chapter of the Retinitis Pigmentosa Foundation. He reports that an ophthalmologist announced to the group that they should not deal with NIRE because it was under investigation and would soon be charged with fraud by the New Jersey attorney general.

• Then, in early 1978 an odd thing happened to Stanley Jacubek, former sales manager of Maddak, Inc., who was attempting to get a short information spot on New Jersey's public television station concerning an isometric exercise device for arthritic people. Jacubek says the television people were initially interested. In the meantime, he had telephoned Selwyn to arrange to visit the institute and show some of his company's devices for the handicapped.

Two days before his appointment with Selwyn, however, Jacubek called back and told him he wished he'd never contacted him. He hadn't had any dealings with NIRE before, but the television people asked him if he'd ever been involved with the organization. When he told them he'd made an appointment to show his wares at NIRE, they decided against putting his exercise device on television. Had Selwyn told anyone of their appointment? Jacubek asked. Selwyn said he hadn't. Then NIRE's telephones might be tapped, suggested Jacubek.

CONFLICTING TESTIMONY

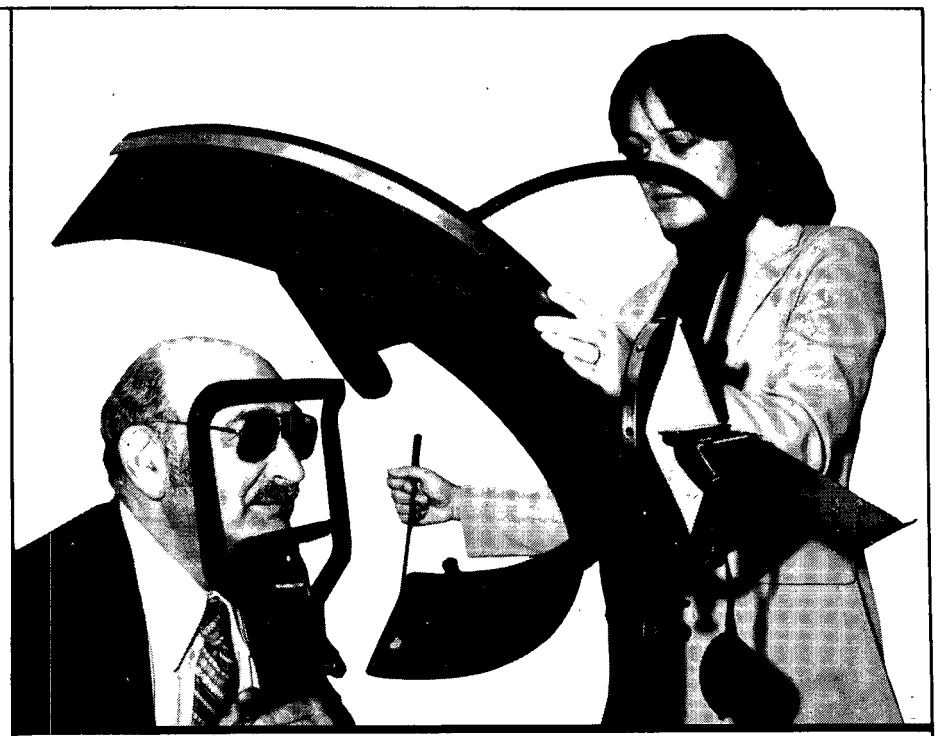
By this time, NIRE was receiving inquiries about the investigation from vision professionals across the United States who said they had heard that NIRE was going to be shut down. New Jersey state agencies had been told by Deputy Attorney General Goltz that anyone inquiring about NIRE should be referred to him.

J. Douglas McNair, a California cardiologist who couldn't read, write, or drive a car because of an eye injury, had heard about NIRE's work in late 1977. Because of the expense of traveling to New Jersey with his wife, he decided to make an "extensive investigation to determine as much as possible about NIRE." Although he received "excellent reports" from medical sources, he says, "very negative reports" came from New Jersey Governor Brendan Byrne's office and from the New Jersey Commission for the Blind.

(McNair persisted. He contacted NIRE again and asked for client reports on its devices. NIRE refused to send him copies of the testimonials in its files, apparently on the conviction that one person's case may not be relevant to another's. McNair says he finally was put in touch with a doctor who gave him "a good scientific and factual account," so in January 1978 he went to NIRE and trained with and purchased field-expanding glasses that he testifies have enabled him to walk safely, to drive, to resume his full practice of cardiology, and even "to return to my hobby of playing golf.")

After NIRE filed a suit to block the subpoena, both sides gathered expert witnesses and secured affidavits and depositions on the worth of the Cros-Vision glasses. For example:

- Dr. Robert Rosenberg, optometrist, New York City: "This device has at most very limited therapeutic value and would be used to advantage by probably only a small number of monocular patients under very limited circumstances." (Rosenberg is a consultant to the Lighthouse low-vision program.)
- Dr. Seymour Fischer, optometrist, Belleville, New Jersey: "I honestly feel that most monocular persons can be helped by one or another of these devices.... I am currently using one of the 'cros-vision' glasses. With this particular one the vision is still good even at night." (Fischer is a monocular and has no association with NIRE.)



Above: a monocular person wearing Cros-Vision glasses is tested at NIRE. Right: another client is trial-fitted with bioptic telescopic glasses.

At the request of the state attorney general's office, Rosenberg and Dr. William S. Lesko, an ophthalmologist, examined the glasses that had been sold to Correll. Later, Dr. Lin Moore, an optometrist and ocularist from Muskogee, Oklahoma, would testify: "Such glasses cannot be evaluated by any expert who might receive [them] in a box, and they can only be evaluated on an actual patient who has received the full evaluation, trial fitting and training from the NIRE staff." (Moore is not a staff member nor an affiliate of NIRE but had once visited the organization and had been given information on its research.)

In March 1978 the Superior Court of New Jersey, while denying NIRE's attempt to block the attorney general's subpoena, ordered that it be modified so as not to include confidential data. Selwyn still refused to divulge information about the glasses' design, arguing that some unscrupulous people might take to selling the glasses by mail. He remains adamant about the need for training on how to use any of the Cros-Vision glasses except the least-complicated version, which NIRE recommends only for senile or retarded individuals.

NIRE UNDER FIRE

As NIRE fought to stay alive, Goltz, Selwyn, and NIRE's attorney conferred

about a settlement. NIRE continued to see clients, and state officials were bombarded with letters from clients complaining about the probe. That probe had expanded into the entire NIRE operation.

In January 1979 Goltz proposed a consent decree. If NIRE and Selwyn agreed to its provisions, the attorney general's office would close the investigation; if not, charges might be filed against them.

The decree called for monetary reimbursement to five complaining consumers: Thomas Correll; two handicapped Oklahoma men who had between them expended $520 at NIRE; a Louisiana woman, Marie Daniels, who had paid $2,575 for modification of a car for her polio-crippled daughter; and a Massachusetts client who claimed that she had not received the services for which she had paid $300.

NIRE maintained that the dispute with Correll was over insurance and not over its product. It objected to the inclusion of the two Oklahoma men because they had admitted to New Jersey officials that they rifled Selwyn's desk at NIRE and had insinuated that Selwyn's wife provides sex therapy for the clients. Louisiana court papers reveal that the modified car had been taken from that state without authorization and didn't have valid insurance, which NIRE only discovered after it had worked on the car; a Louisiana state agency had reimbursed NIRE for the services rendered, but NIRE was holding on to Mrs. Daniels's prepayment—in order, it said, to protect itself in the event it was held liable for any accidents attributed to the modifications. As to the Massachusetts woman, Selwyn maintained that he had offered her a refund while she was at NIRE but that she had refused.

In addition to the relief sought for these consumers, the consent decree stipulated that NIRE would have "all aspects of the advertisement and sale" of its vision devices "supervised and directed" by a licensed optometrist or physician and that a licensed vision professional be involved with NIRE clients from beginning to end in the process of selecting a device.

But that was not sufficient. The state also wanted NIRE to agree that its published material would not make certain claims about Cros-Vision glasses, nor compare NIRE products to others', nor imply "dramatic benefits" by using "exclamation points, capitalization, underscoring," etc.

UNORTHODOX PRACTICES

Then there were some provisions addressed to judgmental mistakes on Selwyn's part. He signed many letters "Donald Selwyn, E.E., Ph.D." Although he has worked as an engineer in private business, he has no formal engineering degree; and his doctorate is from Dallas State College, which is now defunct and, New Jersey authorities claim after talking to Texas authorities, was a diploma mill. The degree, in any case, is an honorary one.

These notations left Selwyn open to charges that he was impersonating a doctor or an engineer. Other NIRE directors say Selwyn was letting vanity get in the way of his work by referring to his honorary degree. Selwyn says he simply wanted to let people know he was not a medical doctor and so included the "E.E. Ph.D." after his name. But state officials have made hay of the notation throughout their investigation.

They have also come down hard on Selwyn for insisting that clients agree to follow through with a NIRE program, not to speak ill of NIRE or be discouraged if a device is not helpful, and not to listen to any others' disparaging remarks about NIRE or its work. To an outside observer such requirements may indeed seem strikingly overreaching, but Selwyn says he devised these tactics as a psychological ploy to keep the disabled from quitting or becoming discouraged.

Dr. Melvin P. Judkins, a radiology professor at Loma Linda University in California and a NIRE client because of a permanent vision loss to the right in both eyes, agrees. He wrote to the Medical Board in 1979 to protest that NIRE's Applicant Service Agreement, while "very unusual," was neither economically binding nor exploitive. "It was my impression that it was not a contract but was a list of conditions designed to increase the likelihood of successful completion of a program at NIRE, used as a screening device to determine an applicant's willingness to bend all efforts to succeed," wrote Dr. Judkins.

NIRE STANDS FIRM

The 18-page consent decree was refused by NIRE in March. It was "not only impossible but disappointing," wrote NIRE's attorney to Deputy Attorney General Goltz. Although the investigation had begun because of a complaint about Cros-Vision glasses—on the worth of which both sides had produced expert witnesses—it now seemed that the state was "trying to save face by proposing a settlement which covers matters which are being raised for the first time and matters which are not proper objects of the state's regulatory powers." (In this area, Selwyn objects especially bitterly to the provision about the exact wording and punctuation of printed matter.)

"The result of all this," continued the response, "has been the virtual destruction of NIRE and the emotional and physical drain on its director. Donations have stopped and so has the work for those handicapped persons who have no place else to go. Unfortunately they do not make a very large constituency."

NIRE's income went from $224,000 in 1978 to $96,000 in 1979; by 1980 it would be down to $46,000. In 1979 Selwyn gave up his $20,000 a year NIRE salary and became a volunteer. Client lists dropped from 300 in 1978 to 125 last year.

Negotiations continued, and at one point Goltz offered to close all the consumer complaints save Mrs. Daniels's if NIRE signed a consent order detailing the restrictions on its activities. But NIRE's board of directors would not accept. Signing the order would imply wrongdoing by NIRE, and the agency would lose its due process rights, says Selwyn.

At some point Bertram Goltz signed a "To Whom It May Concern" memo on State of New Jersey letterhead advising that the attorney general had decided to conclude the investigation of NIRE. On September 26, 1979, Harold Russell, chairman of the President's Committee on Employment of the Handicapped, wrote a delighted letter to Governor Byrne expressing relief that NIRE could now get on with the business of helping the handicapped. (See p. 45.) But the memo—curiously, undated—was part of an agreement to settle which Selwyn says the attorney general's office reneged on.

There followed another settlement offer—the state's last—in early 1980. This was again refused by NIRE's board. All was quiet until July 14, when Selwyn and his charity were hit with the civil suit charging fraud, misrepresentation, and unconscionable business practices.

Relief was no longer sought for the two Oklahoma men, but to the earlier gripes from Correll, Mrs. Daniels, and the woman who said she didn't get her $300

worth of evaluation there was added a complaint made on behalf of an elderly woman who had paid $715 for a modified hearing device.

NIRE dispenses hearing aids by medical referral under direct medical supervision, providing aids free to indigents. The organization also does research on special aids for people with unusual hearing losses.

That was the case with Martha Rhinesmith, whose daughter complained she had been bilked. Mrs. Rhinesmith was sent to NIRE by a doctor because she was unable to use an ordinary hearing aid. Selwyn modified a standard hearing aid to provide hearing help in both ears.

When it malfunctioned, the woman took it first to NIRE and then, when it malfunctioned again, to a hearing aid dealer. Unfamiliar with the device, he told the woman it didn't work. The result was a complaint to the Consumer Affairs Division of the attorney general's office.

A few months later the state amended the suit to add another complaint, this one from Patricia Conklin of Franklin Lakes, New Jersey, who said she was duped in 1977 when she paid $1,600 for training, evaluation, and telescopic glasses that were supposed to help her get a driver's license.

NIRE paid a manufacturer $681.88 for the glasses, which consist of two telescopes attached to a pair of regular glasses. It is used like a bifocal for a poorly sighted person to read road signs and other detail. NIRE had to pay for them in advance and said the glasses could not be used by anyone else.

The suit says NIRE took advantage of the woman by charging her $1,350 for the glasses and another $250 for evaluation. Mrs. Conklin said later the glasses did not help her get a driver's license.

But the suit fails to mention the price other low-vision clinics charge for such glasses. According to the *Medical Tribune*, the telescopic glasses can cost from $2,000 to $2,500 at some clinics, but half that if obtained from a nonprofit organization for the blind.

Then there is the state's claim that "it is and has been the policy of the New Jersey State Division of Motor Vehicles not to license drivers who wear telescopic-type eyeglasses." The state is charging that Selwyn knew this and lied to Mrs. Conklin.

Not true, says Ralph Peterson, former chief of the state's DMV enforcement bureau. There is now a moratorium on licensing drivers who wear the telescopic device, but between 1975 and 1979, 12 such drivers were licensed in New Jersey. A search of DMV records confirmed that figure. The woman who complained to consumer officials was a NIRE client two years before the moratorium began. "The driving records of these individuals are excellent, really," Peterson, now with the state police, said in a January 1981 phone interview.

WHY NIRE?

After nearly four years of investigation and claims, the state's action encompasses five consumer beefs—about an organization that estimates it has served 10,000 clients. "There's a pattern of violation that goes beyond the individual complaints," counters Thomas Germine, a deputy attorney general.

> "They're using an elephant gun instead of a fly swatter on NIRE, little NIRE."

We're not out to destroy NIRE," says Goltz, the deputy attorney general who has headed up the case. "We just want Selwyn to straighten up and fly right. If he has a good service to help handicapped people, God love him."

But "they're using an elephant gun instead of a fly swatter on NIRE, little NIRE," says Dr. Robert Fondiller, a New York professional engineer who has been associated with the institute since 1970. Fondiller and the other NIRE backers wonder why so much time, energy, and money have been spent by the state of New Jersey on the matter. Sinister theories begin to seep into the conversation: a decision by Governor Byrne and his attorney general appointee to serve favored groups by getting NIRE out of the way. "It shows the extent a state agency will use government to serve private interest groups," Fondiller says.

And who are the favored groups? First of all, the New York Association for the Blind—the Lighthouse. The state's expert witnesses scheduled to testify at the trial say the Cros-Vision glasses—which started the whole affair—do not provide the expanded vision NIRE says they do and aren't worth the price. Two of those experts, Dr. Eleanor Faye and Dr. Robert Rosenberg, are associated with the Lighthouse.

When contacted in January 1981, Dr. Faye declined to comment on the Cros-Vision device, saying that she was not familiar with the actual glasses and had only read about them in newspaper articles and seen Xerox copies of their pictures. Yet she is identified in court papers as one of those *who performed an evaluation of the glasses for the state in 1977.* Just five days after writing the letter in which she claimed no familiarity with the glasses, she provided a report to be used in Selwyn's and NIRE's trial.

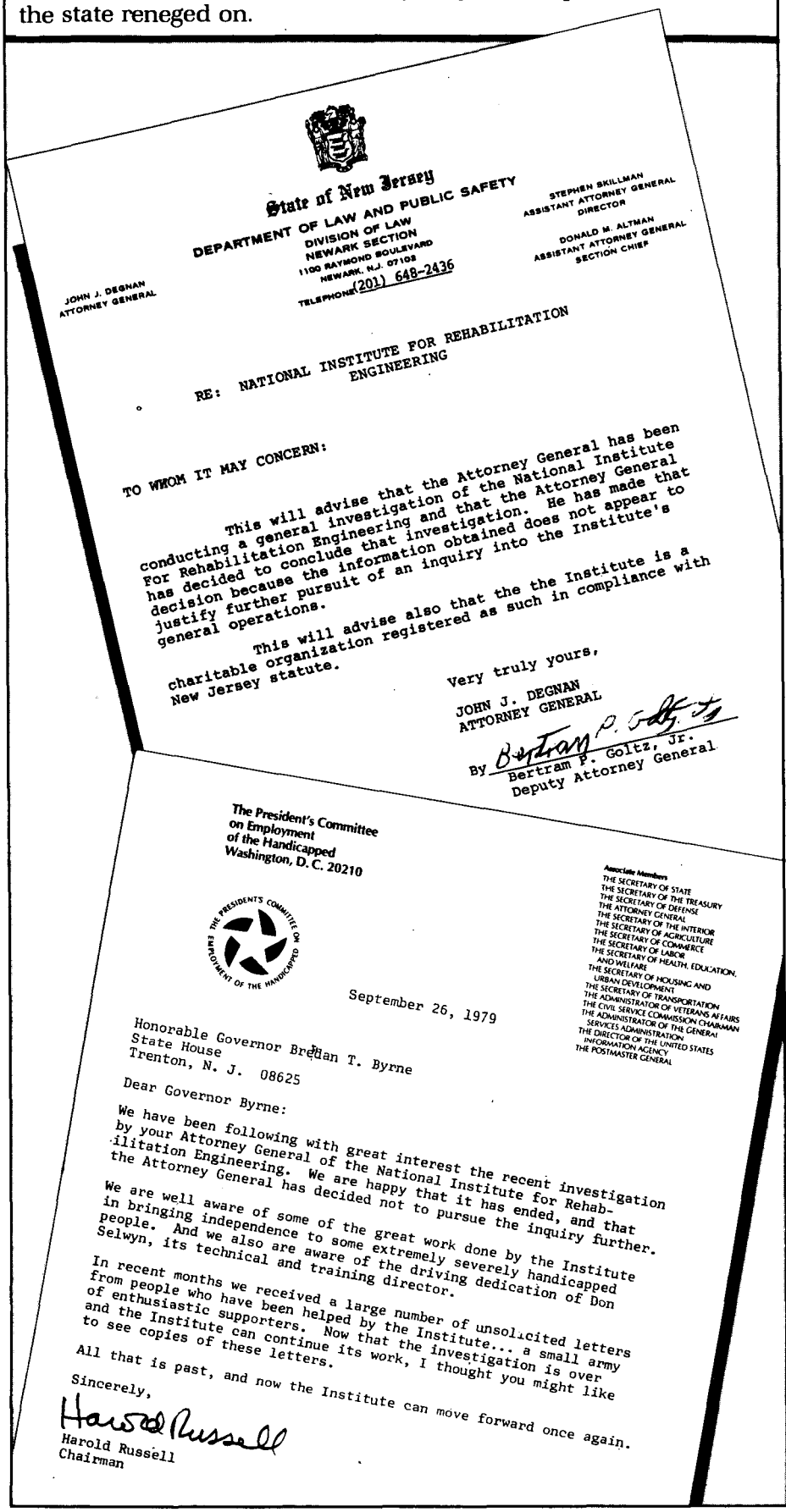
Adam Levin, chief of the Consumer Affairs Division, says any suspicions about collusion between the state and NIRE's competitors are examples of "defendant paranoia." But why, wonders Selwyn, did the Lighthouse know of a subpoena before NIRE had received it?

And as Robert Gunderson, former public relations director of the New York Institute for the Education of the Blind, stitute for the Education of the Blind, stated in a 1978 affidavit: "It is a universal problem for agencies serving the blind to be in bitter competition.... Over the years I have had many problems with the Lighthouse. On numerous occasions where I have gone places to present a talk people from the Lighthouse or other agencies serving the blind would be planted in the audience to heckle me."

PROFESSIONALISM

And there may be broader professional jealousies involved, says Dr. Arthur Zampella, NIRE's medical director: a feud between ophthalmologists—medical doctors who perform eye surgery, prescribe medicine, and examine eyes—and optometrists—who do eye refractions, train eyes for better sight, and make and sell glasses. Selwyn believes several New Jersey ophthalmologists are jealous of NIRE's work and upset that the organization uses optometrists, because of their technical skills, rather than eye surgeons. He claims some ophthalmologists fear they will lose patients who are fitted with low-vision devices by optometrists. From 50 to 60 percent of NIRE's work is now vision-related (partly, explains Selwyn, because it has become so expensive, because of the heavy equipment required, for severely handicapped people

At one point in the investigation, it looked like the attorney general's office had decided to back off. Selwyn says it was part of a deal that the state reneged on.



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STEPHEN SKILLMAN
ASSISTANT ATTORNEY GENERAL
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ASSISTANT ATTORNEY GENERAL
SECTION CHIEF

RE: NATIONAL INSTITUTE FOR REHABILITATION ENGINEERING

TO WHOM IT MAY CONCERN:

This will advise that the Attorney General has been conducting a general investigation of the National Institute For Rehabilitation Engineering and that the Attorney General has decided to conclude that investigation. He has made that decision because the information obtained does not appear to justify further pursuit of an inquiry into the Institute's general operations.

This will advise also that the the Institute is a charitable organization registered as such in compliance with New Jersey statute.

Very truly yours,

JOHN J. DEGNAN
ATTORNEY GENERAL

By Bertram P. Goltz, Jr.
Deputy Attorney General

The President's Committee
on Employment
of the Handicapped
Washington, D. C. 20210

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THE ADMINISTRATOR OF VETERANS AFFAIRS
THE CIVIL SERVICE COMMISSION CHAIRMAN
THE ADMINISTRATOR OF THE GENERAL SERVICES ADMINISTRATION
THE DIRECTOR OF THE UNITED STATES INFORMATION AGENCY
THE POSTMASTER GENERAL

September 26, 1979

Honorable Governor Brendan T. Byrne
State House
Trenton, N. J. 08625

Dear Governor Byrne:

We have been following with great interest the recent investigation by your Attorney General of the National Institute for Rehabilitation Engineering. We are happy that it has ended, and that the Attorney General has decided not to pursue the inquiry further.

We are well aware of some of the great work done by the Institute in bringing independence to some extremely severely handicapped people. And we also are aware of the driving dedication of Don Selwyn, its technical and training director.

In recent months we received a large number of unsolicited letters from people who have been helped by the Institute... a small army of enthusiastic supporters. Now that the investigation is over and the Institute can continue its work, I thought you might like to see copies of these letters.

All that is past, and now the Institute can move forward once again.

Sincerely,

Harold Russell
Harold Russell
Chairman

to achieve independence).

Another of the state's expert witnesses, ophthalmologist Gerald Fonda, is leading a crusade to ban the licensing of poorly sighted drivers who wear telescopic glasses, one of the items sold by NIRE and now included in the state's suit. Yet in a 1978 *Medical World News* article, Dr. Fonda, who runs a low-vision clinic in Livingston, New Jersey, said he had prescribed the bioptic telescopes *even though he thinks they are a scam* to fool motor vehicle inspectors. That the state has not brought consumer fraud charges against Fonda smacks of a double standard, declares Selwyn.

Levin, Consumer Affairs czar, and the deputy attorneys general objected strongly when confronted with the theory that individual ophthalmologists instigated the investigation. They acted on the basis of consumer complaints, they say.

But Charles Janousek, executive secretary of the New Jersey Board of Medical Examiners, revealed that ophthalmologists "voiced concerns" about NIRE to his board, which is part of the attorney general's office, in 1977. "The ophthalmologists wanted to know if they [NIRE and Selwyn] were practicing medicine," Janousek said in January. He wouldn't name names and insisted that the complaint files of the board are closed to the public under state law.

Perhaps not surprisingly, then, the state's suit levels numerous charges against Selwyn for the unlicensed practice of optometry. In one case the state even resorts to charging Selwyn with having "altered and intruded into the relationship between Mr. Correll as patient [*sic*] and the licensed optometrist" and maintains that this "constitutes the unlicensed practice of optometry."

Does Selwyn examine clients' eyes? In the course of training them in the use of NIRE's vision aids, admits Selwyn, he does administer a vision test comparable to that required in order to obtain a driver's license, so that he can legally take them on the road for driver training. And he works with clients in their sampling, for example, of the various types of Cros-Vision glasses. Some of this work, of course, involves determination with the clients of how well they can *see* with the available alternatives. If there is an undercurrent of professional jealousy in the state's action against him, perhaps these activities can be construed as "the practice of optometry."

But the state also makes much in its suit of Selwyn's personal manner. His dealings with clients are characterized "by verbal abuse, personal insults and authoritarianism," charges the suit.

There's no doubt that he has an abrasive attitude toward some, but not all, the people he deals with. Put bluntly, "He's got no personality whatsoever as far as being a nice guy," says Franklin Whitescarver, a NIRE board member. "But he's helping humanity."

Selwyn is the first to admit that he becomes impatient with handicapped individuals who seem unwilling to make the effort needed to overcome their disabilities and gain as much independence as possible. The state sees it differently. Selwyn's manner, maintains the suit, is "calculated to undermine the self-esteem of handicapped clients, to exploit their fears and insecurities, and thereby to reduce said clients to a condition of abject dependence upon defendants Selwyn and NIRE."

In April 1979, having heard of NIRE's difficulties, the father of one client wrote to the attorney general: "Although a larger organization with a more highly paid and polished staff arguably might have done more in terms of a surface public affairs approach to operations, I would never fault the no frills, no nonsense approach of NIRE and its staff who were able to provide help where no one else could." His son's vision had been impaired in a severe auto accident, explained the man, but NIRE "provided assistance and encouragement" that "improved his personal attitude and abilities at a most important time in his adolescent life."

AGAIN, WHY NIRE?

A Reporter's Epilogue: In the end, New Jersey versus NIRE may come down to the sadly familiar case of a maverick inventor who doesn't fit into the regulators' pigeon holes. And so he is pursued, whenever it is politically advantageous, until nailed to the wall.

"Just how much of New Jersey's consumer activism is caused by politics?" I asked Adam Levin, the political appointee who heads the attorney general's Division of Consumer Affairs.

"This agency has life and death power over people," he said. "We don't play favorites. The most important thing this agency has is its credibility."

Levin boasted that the consumer office under him has stood in the forefront of competition, as advocates of advertising for professionals (ironically), and of generic drug substitution. "The ones who are complaining about all this regulation are the first people to run to the government for protection," he said.

Selwyn, in fact, has several times written to the Board of Medical Examiners to complain about Dr. Fonda, one of the expert witnesses against NIRE. At issue was the *Medical World News* article in which Fonda said he prescribed telescopic glasses for low-vision drivers even though he thought they were a scam. Fonda did some ophthalmological work for NIRE in the past, but for several years he and Selwyn have been feuding over the telescopic lenses.

> "He's got no personality whatsoever as far as being a nice guy, but he's helping humanity."

I asked Adam Levin whether he's interested in running for political office in the future. (While attending law school in Michigan in 1974 he had run for the US House of Representatives.) "Absolutely," the gregarious consumer advocate said candidly. "Let's put it this way. No one who's served in consumer affairs since Millicent Fenwick has ended their career in government with the end of their tenure in this office....I would not object to running again for Congress."

As the balding 31-year-old consumer chief discussed New Jersey's regulatory activism with me, an aide brought him two newspaper columns and two news releases that would go forth under the byline of Adam Levin. Levin looked them over before they were released to New Jersey newspapers. It was pretty clear that he hadn't written them, but he did approve of the contents.

Driving to work on a Monday morning, commuters tuned to a Livingston, New Jersey, radio station hear none other than Adam Levin—live on the consumer "Hot Line"—giving constituents advice on how to fight problems with business. He also makes about 200 speaking engagements a year and sends public service announcements to Philadelphia and New York radio stations.

Our conversation was interrupted by a phone call from a New Jersey state senator who was working on some consumer legislation. After several minutes of explaining how he thought the bill could be modified, Levin bounced back to the conference table. "That's what you call wheeling and dealing," he said with glee.

Meanwhile, the bioptic telescope Mrs. Conklin bought from NIRE is locked in a closet down the hall from Goltz's office. Along with that device are the Cros-Vision glasses sold to Correll. This controversial paraphernalia won't appear in public at least until August when the state of New Jersey brings its case against NIRE to trial in Passaic County.

Back at the Butler office of NIRE, Selwyn and the other volunteers are still seeing clients. For several months last year, Selwyn worked as an overnight guard at a state prison camp and went to the NIRE office during the day, but he says the strain became too much and he quit the extra job. His wife is a school crossing guard in Pomptom Lakes, and the couple, who have a teen-aged daughter at home and two other children, are eking out a living through her paycheck, part-time work and, oddly enough, public assistance.

Creditors are hounding NIRE constantly, the attorney has received crumbs as payment for his work, and the institute survives on a day-to-day basis. Selwyn estimates $200,000 will be the final bill for legal defense and eventual countersuits.

But he and the others believe NIRE is worth saving and vow to fight the government to the end. Selwyn says he will go to jail before design data and other information about the glasses are turned over to the attorney general.

Some avoid associating with him, while others see his actions as an exercise in futility. "When you're fighting a giant, you don't go against him toe-to-toe," a New Jersey businessman told me. "And that's what Selwyn is trying to do."

"He has something there they want," said Len Cohen, a one-armed man who received rehabilitation training at NIRE and now serves as the charity's consumer advocate while running his own business. "He's a genius, and it's too bad they're trying to smother him." ◻

Roland Kidwell, Jr., is a staff writer with the Roanoke Times & World News *in Virginia.*
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spotlight

Assessor of Safety Silliness

By Patrick Cox

"I had a dream," Dale Lowdermilk says, the visage of a prophet temporarily upon him. "It was last July fourth." When he woke up on July fifth, Lowdermilk had a plan. He took it upon himself to become the nation's foremost crusader for safety and fairness. A fearless lobbyist for government protection, his stands make Ralph Nader seem as uncaring as the captain of a 16th-century slave ship.

For instance, Dale Lowdermilk would have our government outlaw black widow spiders. "They're too dangerous." He is also pushing for a "sunburn law." "People must be protected," the safety advocate says. "What we need to stop skin cancer is laws that require hats, sunglasses, and sunshields on sunny days." Irresponsible anarchists such as surfers who will not wear long clothing to protect themselves, according to Lowdermilk, "should be arrested." If he could put a warning label on the sun, he would.

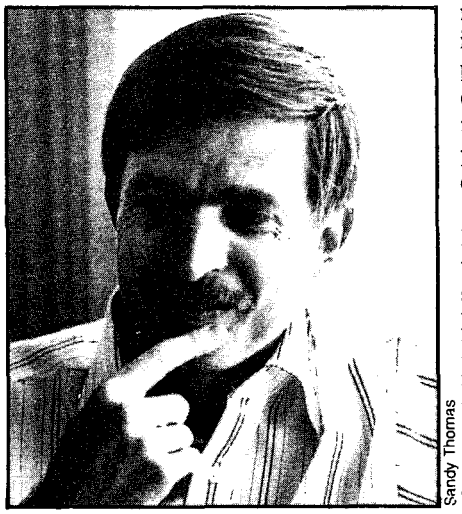
One of his projects and main concerns is the safety problem associated with banana peels. Lowdermilk has called for warning labels to be placed on all bananas. With concern in his voice, he explains, "People have been known to slip on banana peels and hurt themselves." In the same vein, Lowdermilk wants labels on all citrus fruits warning consumers that, because of certain allergies, oranges, lemons, and so forth can be hazardous to your health.

Lowdermilk has formed an organization called NOT-SAFE, an acronym for National Organization Taunting Safety and Fairness Everywhere. Hundreds of interested citizens have joined his public interest group, some hoisting the flag of NOT-SAFE in their own localities, calling for the federal government to "protect anyone from everything—at any cost."

For the sake of the organization, Lowdermilk busies himself compiling statistical and historical evidence of consumer product hazards. He can tell you how many people have choked to death on hot dogs (which should be illegal), or how many people have died taking aspirin (900 last year). Ninety-nine percent of all aircraft accidents could be eliminated, according to a NOT-SAFE study, "if we required all aircraft to taxi to their destinations." Another NOT-SAFE report indicates that significant safety gains would be achieved if the government forced the replacement of all plate glass windows with plexiglass.

NOT-SAFE even has documentation to prove that blue jeans represent a health hazard. It seems that a young man in Copenhagen fell asleep in a filled bathtub while wearing blue jeans. Over the course of the night, the jeans shrank and the wearer was paralyzed as the result. In the area of textiles, Lowdermilk and NOT-SAFE would also ban the sale of white sheets "to get rid of the Ku Klux Klan."

There is method in this madness.



Sandy Thomas

Dale Lowdermilk

Lowdermilk's obvious sarcasm has attracted a surprising amount of media coverage. *Family Weekly,* the *Chicago Tribune,* the *St. Petersburg Times,* and other publications have reported on NOT-SAFE, which Lowdermilk calls "the world's most sarcastic organization." His goal of using humor and satire to attract attention to regulatory overkill seems to work well. He even has nearly two dozen congressmen on his list of paying members.

It's not the first time Lowdermilk has turned to sarcasm as a tool. He invented and marketed his own pollution solution, the "Exhausto Plug," which was a large cork and a scientific instruction manual explaining why a car stops when the exhaust pipe is blocked.

At the local level, Lowdermilk uses the editorial reply opportunity offered by radio and television stations to call for extremes in the field of regulation. He says that he has mostly encountered a very positive reaction to his techniques. He likes to get a reporter laughing at a list of absurd regulatory proposals and then go back and point out where the ludicrous proposals are actually being considered—or are even in effect.

NOT-SAFE is really a one-man operation. Lowdermilk scoffs at committees and organizations in which hierarchies are responsible for activity. His rule is: "Don't ask permission. Just do it!" One of the things he does is put out a yearly newsletter pointing out new safety statistics, the latest inanity from Washington's safety experts, and members' doings. In payment, he barters instead of requiring cash. One member paid with a photo of a horse wearing a diaper, one of the Department of Interior's more NOT-SAFE solutions to the pollution problem of using work horses on public lands.

Lowdermilk is up front about being a libertarian and encourages other people to bandy the word about more. He describes himself as a dissatisfied Republican before a chance exposure to REASON magazine offered him an alternative. Personal research, especially his reading of Murray Rothbard's *For a New Liberty,* backed up his initial enthusiasm. He is critical of what he sees as a tendency among libertarians not to attempt an appeal to the "real world." NOT-SAFE came about because of that sentiment.

Dale Lowdermilk is an investment counselor with extensive experience in air traffic control, an area that certainly qualifies him to speak about safety with some expertise. That he still works for the Federal Aviation Administration is a fact that is somehow consistent with his paradoxical approach to things. A normally soft-spoken individual, Lowdermilk likes to quote Sir Francis Bacon: "If we are to achieve results never before attained, we must expect to employ methods never before attempted." That sounds like a good idea, but does he realize it might be dangerous?

For information about NOT-SAFE membership and its newsletter, Lowdermilk can be reached at Box 5743, Montecito, CA 93108.

Patrick Cox is a free-lance writer.

money

Cashing in on Currencies

By Steven K. Beckner

The proverbial blood is running in the streets of the currency markets, making a number of basically sound foreign monies attractive buys. It is doubtful that Bernard Baruch, who coined that phraseology, was a currency speculator, but he would probably find some of today's bargain-basement currency rates irresistible.

For instance, at this writing, the Swiss franc is selling for 48 cents—20 cents below its all-time high of autumn 1978, nearly a 29 percent depreciation. The German mark, at a current price of 43.8 cents, stands nearly 14.5 cents below its October 1978 high, a 25 percent depreciation. The French franc, jolted by the leftward lurch of the last election, stands at a 10-year low. At the current rate of barely over 18 cents, the franc is off 28 percent from its all-time high of 25 cents.

Depressed as these exchange rates may seem, the way the dollar has been going, the foreign exchange markets could become bloodier yet. The mark and the two francs, as well as other currencies, could fall even further against the ultrabullish US dollar.

The primary reason for the strength of the dollar and the weakness of the traditional "hard currencies" is high US interest rates. Once again nearing record nominal levels, rates on US money market instruments are also achieving a very high real level in terms of diminishing inflation. For now, US inflation is back in single digits. The economy appears strong, with GNP and productivity growing and the trade deficit narrowing.

Even if the impressive US performance continues, however, there is little doubt that the dollar is now as overvalued as it was undervalued in 1978. As the economy moves out of the recession and credit demand increases, inflation is sure to creep back into double digits. Regardless of the long-term effects of Reagan's vaunted supply-side tax incentives (such as they are), the short-term effect is sure to be hard-to-finance budget deficits. In order to elicit the kind of economic boom that the administration has heralded for its program, the Federal Reserve will come under heavy pressure to bring its interest rates down in the midst of strong pressures for monetary expansion.

So, while the short-term outlook for key foreign currencies remains bearish, the longer term outlook is quite different. Clearly, the unit with the best potential (as always) is the Swiss franc. Ironically, although its currency has suffered most over the last two and a half years, Switzerland has the strongest economy.

Thanks to the franc's depreciation, which in real terms is more like 35 percent, Swiss exports are booming. The Swiss economy, which had been excessively stimulated by an expansive monetary policy, is now slowing down as the Swiss National Bank tightens credit and raises interest rates. As a result, inflation should begin to recede from its recent 6 percent level. With practically zero unemployment, reducing inflation and strengthening the franc should present none of the ticklish political tradeoffs facing Germany and others.

One of Europe's foremost economists told me that the Swiss franc (and to a lesser extent the German mark) are due for a major bullish correction later this year. Hans Mast, chief economist for Swiss Credit Bank, predicted a "noticeable firming" of the franc by year-end. He asked that his specific exchange rate forecast not be quoted because "it would shock everybody today." Indeed it would!

Not only is the Swiss central bank trying "to achieve a certain appreciation of the Swiss franc . . . to lower import costs and to dampen the export boom," but foreign investors and bankers are once again beginning to look on the franc with favor, according to Dr. Mast. As US interest rates begin to fall, while Swiss rates rise, said Mast, "there comes a point when investors say, 'Why should I stay in US dollars with practically no real rate of return, when at the same time I'm receiving in Switzerland a quite appreciable real rate of return?' "

Of course, Mast's prognostications assume not only a diminishing interest rate differential but also a widening inflation differential—quite the opposite of what is now occurring. Mast's views find surprising concurrence among other leading economists and bankers in Europe. But it would be a mistake to bet whole-heartedly against the dollar.

Positions in Swiss francs and other units should be regarded either as a fractional hedge against high-yielding dollar positions or as a long-term speculation. It's not a sure thing, but there is a strong probability that, without returning to its old high, the Swiss franc will rebound substantially from present lows. Therefore, placing perhaps 10 percent of a portfolio in that currency makes sense.

How do you do it? Well, don't go out and buy Swiss franc banknotes and sit on them. Your realistic alternatives, depending on your means and your risk-taking proclivities, are Swiss franc deposits (preferably three- or six-month certificates of deposit) or futures contracts.

Recently, three- and six-month Swiss franc CDs were yielding 7-1/8 percent at a typical Swiss bank for a minimum investment of $5,000. That rate may rise or fall, but the risk is low, and if you are willing to roll them over indefinitely, there is a good chance that over the next two years you will catch a wave of franc appreciating that will dwarf the interest you are earning.

Alternatively, take a long position in Swiss franc futures contracts on the International Monetary Market (IMM) in Chicago. The current minimum exchange margin on a Sfr 125,000 contract is $2,000. Each one-cent change earns (or loses) you $1,250.

No one knows when Paul Volcker will relent on interest rates or when US inflation will rise again, setting off the overdue correction. Therefore, probably the best strategy is to take positions in distant delivery months—as much as a year

MONEY QUESTION

Q: I have not as a rule invested in real estate, but I understand there could be some advantages in buying my parents' house. This could not only provide me with some investment property and tax deductions but, if they financed the loan, could provide them with some interest income in their retirement. Perhaps you would discuss this in your column or provide me with a source of information on the subject.

L. B., Great Falls, VA

A: What you are suggesting sounds sensible to me, but I don't know all the ramifications. I suggest you refer to Albert J. Lowery's books on the subject.

out. If you can afford it. Such a strategy requires having enough additional money in your account to ride out dips and resultant margin calls in expectation of a longer-term rise. If you can't afford such a strategy or if you think you're astute enough to trade shorter-term, then at least employ stop-loss orders 10-20 points below your entry point.

At this writing, there was evidence of a flight of French francs into Swiss francs in the wake of the Mitterand election. And the Swiss National Bank has raised its Lombard rate a full point. A change in fundamentals on either side of the Atlantic in Switzerland's favor may be all that's needed to spark the next big move of the Swiss franc.

Steve Beckner is a free-lance financial writer, the editor of Deaknews, *and the author of* The Hard Money Book.

health & welfare

Back to Butter?

By Sandy Shaw and Durk Pearson

For a long time, many medical authorities (including the American Heart Association until very recently) recommended substituting polyunsaturated fats in the diet for saturated fats. This is because of the belief that, since polyunsaturated fats reduce serum cholesterol levels, they reduce the risk of heart attack. The findings of several large studies now indicate otherwise.

It is true that polyunsaturated fats can reduce serum cholesterol levels to a small degree, but studies have shown that heart attack deaths are not lowered. Not only that, but it appears that cancer deaths are increased in patients with diets high in polyunsaturated fats. New understanding about the biochemistry of fat production and destruction provides a theoretical framework for explaining these otherwise puzzling findings.

In polyunsaturated fats, there are double bonds between some of the carbon atoms, whereas saturated fats do not have double bonds to act as chemical reaction sites. Polyunsaturated fats are much more susceptible to autoxidation, when oxygen or its chemical equivalents, without enzymatic control, directly attack the double bond sites and form oxidized fats called organic peroxides. This is the same chemical process that produces what are commonly called rancid (peroxidized) fats.

Peroxidized fats are highly toxic, mutagenic, and carcinogenic. Upon further breakdown they form free radicals—highly chemically reactive molecules with unpaired electrons. Free radicals are strongly implicated as causative agents in aging, cardiovascular disease, cancer, arthritis, cataracts, senility, plus a whole host of other conditions, including such lowly ones as bruises and dandruff.

Dr. Denham Harman of the University of Nebraska, the originator of the free radical theory of aging in the late 1950s, calls free radicals "internal radiation." That is a very good description of them because radiation sickness is the result of free radicals created by external radiation.

Dr. Harman fed polyunsaturated fatty acids to one group of rats and saturated fats of the same caloric content to another group. On a learning task, the rats fed polyunsaturated fats performed substantially less well than the other group in a period of time that was short compared to the rats' life span. The ease with which polyunsaturated fats are autoxidized is the most probable explanation for this strange phenomenon. When autoxidized (rancid) fats break down to yield free radicals, they can damage other fats, DNA, RNA, and proteins in the surrounding tissues. Since the brain contains far more polyunsaturated fats than does any other body tissue, it is far more susceptible to free radical damage.

Our bodies contain a complex system of protective enzymes and antioxidants—substances that react with the free radicals, converting them to less-harmful products. (Common antioxidants include vitamins *A, E, C, B-1, B-5, B-6, PABA,* the amino acid *cysteine,* the minerals *zinc* and *selenium,* and the synthetics *BHT, BHA, propyl gallate, TBHQ, and DMSO.*) For example, the brain has two special vitamin C pumps—one in the blood-brain barrier (the selective membrane surrounding the brain and spinal cord) and one in each nerve cell membrane—which keep the concentration of vitamin C inside brain cells 100 times higher than in the blood! And during a heart attack, white blood cells carry vitamin C from other parts of the body to the injured heart, even when the other areas have to be depleted of their vitamin C.

Free radicals are a necessary part of certain processes, such as the metabolism of food. But without free-radical-control enzymes, such as superoxide dismutase and glutathione peroxidase, and the natural antioxidants mentioned above, we would quickly die. In fact, all air-breathing organisms on this planet have very nearly the same control enzymes and antioxidants, although in varying proportions and amounts. Radiodurans, a bacteria that lives inside operating nuclear reactors, contains the highest levels of these protective antioxidant enzymes yet observed.

Cholesterol itself is an antioxidant. We think that the increases in serum cholesterol seen in some people is a bodily response to an increasing free radical load. It is interesting to note that some antioxidants taken singly in large doses, such as vitamins C and B-6, can reduce serum cholesterol by up to 35 percent or so. In our personal observations, combinations of antioxidants can reduce serum cholesterol by up to 50 percent.

Scientists now know that blood clotting is controlled via free radical reactions. A substance called prostacyclin lines the walls in normal arteries and, by keeping platelets in the blood from aggregating, prevents abnormal blood clotting (clots only form in a healthy artery when a hole is torn in it). Free radicals, however, produced in the breakdown of autoxidized (rancid) fats, can interfere with the normal productions of prostacyclin, resulting in abnormal clot formation and hence in cardiovascular problems.

Experiments have shown vitamin E to be an effective preventive of abnormal blood clots. Until recently, it was not understood how it could do this, but its

We invite questions of general interest from our readers. Send your query along to REASON Health & Welfare, Box 40105, Santa Barbara, CA 93103.
(A limited number of reader questions can be answered in print; personal replies cannot be made.)

basic biological function as a lipid (fat) *antioxidant* is the key. Vitamin E can protect the enzymatic prostacyclin-manufacturing apparatus from inhibition by free radical and organic peroxide damage.

Rather than substituting polyunsaturated fats for saturated fats—as long recommended—we have radically (no pun intended) increased our intake of antioxidant supplements. It is probably also safest to eat a diet with only a moderate level of fat. Do not eat a lot of polyunsaturated fats, especially without antioxidant supplements added to your diet. Even with the best of diets, the quantity of antioxidants you can get is limited. We purchase cooking oils that are *not* labeled as being high in polyunsaturates, and we always add BHT (a synthetic antioxidant) to it. Cooking oils often contain a high level of polyunsaturates and become autoxidized (rancid) very rapidly upon exposure to air. With added antioxidants, the shelf life may be many times as long.

As Dr. Harry Demopoulos of New York University's Medical School Department of Pathology has said, free radical pathology is as great a breakthrough in medicine as Pasteur's germ theory of disease. We plan to write more on this subject in future columns.

A list of scientific literature on this topic is available. Send a stamped, self-addressed envelope to this publication, referring to the date of this issue.

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Sandy Shaw and Durk Pearson are consulting scientists, authors, and TV personalities.

arts & letters

movies

- **Heaven's Gate**
- **Atlantic City**
- **Spetters**

Reviewed by John Hospers

• The four-hour version of **HEAVEN'S GATE** was withdrawn last fall after scathing critical reviews, and very few people saw it. Whether the new version, pared down to two and a half hours, is an improvement I therefore cannot say, but it does seem as if some essential connections are missing, and the film as a whole is more disconnected and episodic than it otherwise might have been.

Filmed in western Wyoming and Montana, it is full of stunning visual beauty, and the Great Open Spaces of America, except in the brief indoor scenes, are always with us, and shown to excellent advantage. (One should see the film on the wide 70 mm screen, not the smaller 35 mm—it makes a lot of difference.) It is also very lavishly done: it is apparent at once that this is a Big Production, sparing no expense, though one would scarcely suspect that more than $40 million had gone down the tubes producing it. Everything from costumes to interiors is done with meticulous historical accuracy. The story, based on the wars between landowners and immigrants in the 1890s, is less accurate, but that such incidents occurred is an important and neglected aspect of American history.

The actors (Kris Kristofferson, Christopher Walken, John Hurt, Isabel Huppert, et al.) are all top-drawer, but they seem (with good reason) to be mystified by the parts they are called on to play, giving them no clear conception of their roles or how to develop them. This is the fault of the script, which is the Achilles' heel of the entire production. The lines are not only unmemorable but often inane; there is no clear progression of the story line, and the plot development is often fumbling and jerky, so that even while one tries to give the film one's last ounce of understanding and tolerance, one finally gives up in frustration.

Michael Cimino's previous film, *The Deer Hunter,* had all the virtues that the present film lacks. Each detail fitted beautifully into a whole, which was highly structured and clearly laid out, and the combination of relevant detail with a sense of the whole helped to make *Deer Hunter* one of the most powerful and gut-wrenching films of the last decade. Since *Heaven's Gate* conspicuously lacks these qualities, one is tempted to say that writer-director Cimino should go and see *The Deer Hunter* for guidance. The very least he should do in order to rescue his career is to let someone else write his scripts in the future, if indeed Hollywood permits him to have a future.

• The French director Louis Malle is among the world's best. All his films develop character in a fascinating way, and the twists of the plot are always plausible yet endlessly surprising to the viewer. His films so integrate character and plot that it would be hard to say which dominates the other. His best-known films in the United States are *Pretty Baby* and *Murmur of the Heart.* And now he has made a film in and about America, and like so many European film makers he produces a vignette of American life that seems to elude most native-born American directors. **ATLANTIC CITY** exemplifies all of Malle's fine directorial qualities, carefully shaped together into a film that is at once dramatic, funny, tragic, and sardonic.

In a new kind of role Burt Lancaster is quite marvelous. With a confidence and authority reminiscent of his entirely different role in *Judgment at Nuremberg* (which still has my vote for the best American film of the last 20 years), he is totally master of his craft: every nuance, every gesture, every gleam in his eye, everything he doesn't say as well as what he does, contributes mightily to the characterization and exhibits minimal acting for maximum effect. Susan Sarandon is also just right: an opportunistic little chippy with dreams of grandeur but whose lower-class instincts always emerge intact in a crisis.

Even Atlantic City emerges as a character, once splendid, now tacky and run down but trying to revitalize itself as the Las Vegas of the East, bringing with it crime and the Mafia. The characters reflect the city: in one way or another they are all losers, has-beens who try to rise again or would-bes who will never attain any heights; they are all dreamers of impossible dreams, each one different in his or her own quirky way, each one fascinating to watch and analyze. The film might be considered cynical, were it not treated with such rich humor and humanity. No great theme emerges from the film, but it immerses us deeply and richly in life as it is lived and imparts to us the lessons that life itself teaches. "Art teaches us," wrote John Dewey, "not by preaching, but simply by being."

• Every moment of Paul Verhoeven's new film **SPETTERS** is filled with fast and varied action, like a novel coming to life before our eyes, and it is worth seeing in spite of numerous implausibilities and a certain chaotic discontinuity arising perhaps from the fact that what we have in the United States is a somewhat censored version. Apparently Europeans can absorb the truth uncensored, but Americans cannot.

Even so, there is a lot of X-rated stuff here: nudity and explicit sex scenes of all kinds. But these scenes are not introduced self-consciously or artily or exploitatively, only as a normal part of the daily life of "liberated" Dutch youth in 1980, and the scenes are intermingled with endless motorcycle races and the exhausting round of daily activities enjoyed (?) by the youth of Holland, 35 years into the postwar era, and quite different from what they were experiencing at the time celebrated in Verhoeven's far more structured film, *Soldier of Orange.*

A strong sense of restlessness is communicated in the film through constant and often meaningless motion. Among the film's faults, two call for special attention: (1) Almost everyone over the age of 40 is depicted as harsh, insensitive, intolerant, and repressive. But Holland is one of the most tolerant places in the world, and so are its laws, as anyone in the drug culture knows. The age of consent is 14, which hardly bespeaks the condemnation of sexual experimentation in the young on the part of adults such as is repeatedly shown in this film. The scenes of the father beating up his 20-year-old son for going out with a girl and not being home by 10:00 are really quite mad. (2) Among the psychological implausibilities, the most glaring is that the experience of rape becomes a sexual turn-on for the victim. If the writer doesn't know better than that from experience or observation, he should at least read his Freud.

The film is spoken in Dutch with English titles, and as one who learned Dutch before speaking English, I was painfully aware of how god-awful the screen translation is. One hopes that it is not equally bad in other films spoken in languages with which one is not familiar enough to check.

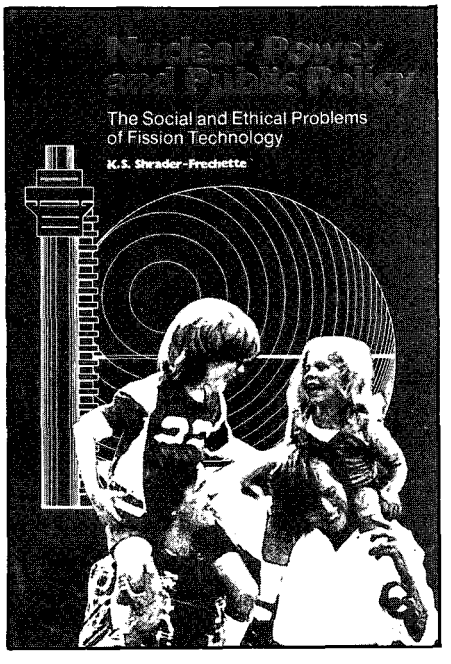
John Hospers is a professor of philosophy at the University of Southern California. His area of special interest is aesthetics.

books

Nuclear Questions, Unclear Answers

Nuclear Power and Public Policy: The Social and Ethical Problems of Fission Technology.
By K. S. Shrader-Frechette.
Boston: D. Reidel. 1980. 176 pp.
$19.95/$10.50.

Reviewed by Bruce K. Bell



Working under grants from the Kentucky Humanities Council and the federal Environmental Protection Agency, Ms. Shrader-Frechette says she discovered "critical lacunae in allegedly comprehensive analyses of various energy technologies." Specifically, she is concerned about nuclear power. Declaring an attempt to avoid "overly emotive and question-begging" negative assessments and "unsubstantiated assertions" by many environmentalists, she nevertheless argues that nuclear fission has been promoted using faulty scientific methodology and logical fallacies and concludes that it violates due process and equal protection rights.

"This is applied philosophy at its very best," says another philosopher, Michael Ruse, on the dust jacket. Unfortunately, this may be true. Shrader-Frechette is significantly guilty of begging the question herself when she maintains that "it is generally admitted that any amount of radiation increases the probability of cancer and genetic damage." She presents the same presumption, the heart of the so-called *linear* hypothesis, at least eight more times in her book without ever mentioning the alternative *"threshold"* hypothesis, which posits that there is no harm below a certain level (see my article, "Is Any Radiation Too Much Radiation?" REASON, July 1980, and letters and reply, Oct. 1980).

Did she bother to consult one medical article in her research? She does not cite any in her entire book. In fact, there is an ongoing debate on this issue. Moreover, even if there were not, since she observes in a footnote that "dose-response coefficients for low-level radiation are obtained *by hypothesis* from data on high levels of exposure" (emphasis added), she abdicates the philosopher's role by failing to examine carefully the foundations (or lack of them) for such scientific hypotheses in the philosophy of knowledge.

After begging this important question, she goes on to ask, "According to what moral principles...ought society to determine when the carcinogenic and mutagenic costs of low-level radiation have outweighed its technological benefits? What number of cancers and genetic deaths ought society to trade for the economic advantages of not requiring tighter radiation controls?" Assuming the truth of the linear hypothesis, she correctly argues that government policymakers are engaged in an unjust "utilitarian" analysis of maximizing the greatest good for the greatest number at the expense of some who pay in the form of health costs.

This is certainly true (given the linear hypothesis). She fails to note, though, that such a utilitarian policy is neither new nor unique to nuclear energy policies, since it has been used since at least the 1880s to justify diminishing due process of law in court cases ranging from property taxation to air pollution from coal-burning plants.

She then maintains that the health costs are borne inequitably, which violates equal protection rights, since the government sets up the same radiation exposure limit for everyone. But, she correctly notes, some persons are at higher risk during *normal* nuclear plant operations (again, assuming the linear hypothesis)—namely, children, those living closest to the plant, and those with previous medical X-ray exposures.

It may well be true that this argument can be made out, but she does not do so, since, in particular, she does not deal with the usual legal interpretation of "equal protection." As *Black's Law Dictionary* quotes a leading California case,

the constitutional guarantee of "equal protection of the laws" means that "no person or class of persons shall be denied the same protection of the laws which is employed by other persons or other classes *in like circumstances*," (emphasis added). Thus, again, she fails to provide philosophical argument for why *her* interpretation of "equal protection" is more moral or rational than the one used in law today.

Shrader-Frechette's "arguments" about knowledge are even more philosophically undernourished than her arguments about ethics. Her primary epistemological argument is that, since the Price-Anderson Act requires a person to prove that his injury was due to a catastrophic accident, "it is likely that some injured persons will be unable to prove this and hence likely that they will remain uncompensated." While neglecting to mention that this is true throughout the law, she goes on to maintain that "*in principle*, there is no way to prove whether or not radiation from a particular plant has caused a cancer." Hence, placing the burden of proof on the accuser "forces...the courts to employ...an argument from ignorance. They will have to conclude that an accident did not cause a particular cancer whenever the victim is unable to prove that it did."

Since she never says what the "argument from ignorance" is, I will spell it out here. It is a logical fallacy held to be committed by someone who maintains (1) that a statement is *true simply* because it has not yet been shown to be false *or* (2) that a statement is *false simply* because it has not yet been shown to be true.

But as Irving M. Copi correctly notes in his widely used *Introduction to Logic*, (2) is *not* held to be a fallacy in a court of law. Since a person is presumed to be innocent until proven guilty, the burden of proof is placed *solely* on the accuser. Unless the plaintiff can show that the defendant harmed him, the court presumes that the statement that he *did* harm him is *false, simply* because the plaintiff has failed to show otherwise.

It is simply not true that this places an *impossible* burden on the plaintiff and thus violates due process and equal protection. Given that Shrader-Frechette's notion of "proof" is not the standard philosopher's call for omniscience, some cases of injury can be proved, as she herself notes ("proof of injury is not difficult for the more serious and immediate types of radiation and deaths and injuries").

But what about exposures to lower doses, which can have effects with latency periods of up to 20 or 30 years? I grant that this is a *difficult* problem, but I also maintain that the "more impossible" task would be an owner attempting to prove that his nuclear plant did *not* cause cancer in all of the people who contracted cancer during the lifetime of his plant and 20-30 years thereafter.

Moreover, "differential diagnoses" can be and are made all the time (for example, injuries from medical X-ray overdoses, or probability estimates for lung cancer due to smoking). And since the types of radiation emitted from nuclear plants affect specific organs, their effects can be distinguished, for instance, from sunlight, which causes only skin cancers. (I also think further "reasonable" distinctions can be made, and "reasonably certain" causes arrived at.)

Since she does not recognize such possible objections, she fails to begin to provide the necessary epistemological argument that would require us to give up a basic legal principle like presuming innocence, which has been adopted in every civilized country since early Roman law (but which has increasingly come to be ignored by government agencies, including the IRS, FTC, SEC, FDA, EPA, and OSHA). The alternative to giving up the presumption of innocence is to decide what "statistical" evidence counts as "proof" and perhaps allowing class action suits and compensation based on probabilities of harm, all the while keeping the initial and ultimate burden of proving harm with the plaintiff.

Unfortunately, the objections and possible alternatives I have raised do not point so much to the failings of this specific work as to the impoverished state of philosophy in general (and epistemology in particular). If this is, indeed, "applied philosophy at its very best," then philosophy has not even begun to deal with the legal and scientific concerns of today.

Bruce K. Bell has a B.S. in physics and an M.A. in the history and philosophy of science. He is currently working on a book on chemicals.

Encouraging Entrepreneurs

Fly Me, I'm Freddie.
By Roger Eglin and Berry Ritchie.
New York: Rawson, Wade Publishers.
1980. 238 pp. $9.95.

Success Forces.
By Joseph Sugarman.
Chicago: Contemporary Books.
1980. 213 pp. $9.95.

Reviewed by Robert Poole, Jr.

According to the likes of John Kenneth Galbraith, men like Freddie Laker and Joseph Sugarman no longer exist. The entrepreneur-capitalist who starts from nothing and builds an industrial empire, sometimes by sheer force of will, learning every job, surviving repeated failures, becoming a hero to his employees—these are characters from the folklore of the 19th century, or so we are told by most "modern" economists.

Yet Laker and Sugarman are uniquely products of the postwar era, men who have made their fortunes in technology-based fields (aviation and electronics, respectively), defying odds and competitors many times their size. That they exist and that they have become modern-day folk heroes both gives the lie to Galbraith's thesis and offers tribute to the irrepressible nature of the entrepreneurial spirit. These two books offer us insight into the character of these men and the nature of entrepreneurship.

Virtually everyone has heard of Freddie Laker and knows at least something of his six-year battle to win governmental approval—on both sides of the Atlantic—for his low-fare Skytrain service, a feat that broke the international airline cartel and introduced price competition. But few know of Laker's early career in aviation, beginning at age 19 as a flight engineer ferrying planes for the RAF during World War II, learning to repair engines and planes and to keep "tramp freighters" operating with cannibalized spare parts. By 1947 Laker had founded his first company, Aviation Traders, refurbishing war surplus planes and parts. The Berlin Airlift and its need for cargo haulers gave Laker his chance. His hangars full of spare parts and tired old planes suddenly became quite valuable, and Laker was in the airline business for keeps.

By the late '50s, after selling his companies to what became British United Airways (now British Caledonian), Laker ended up as managing director of that new private airline and proceeded to make it an aggressive competitor. Laker's input and first airline order were the key to launching the BAC-111, a successful British rival of the DC-9. He de-

Above: Freddie Laker celebrates a US government go-ahead for the Skytrain. Right: Joseph Sugarman.

vised the modified DC-4 "Carvair"—a successful cross-Channel car ferry—and later developed BUA's highly successful Hovercraft service. He also introduced the long-range VC-10 on BUA routes to Africa and South America.

But as BUA became larger, it also became more bureaucratized, which Laker grew less and less able to tolerate. After five years he resigned, in 1965, to create his own airline. Starting again from scratch, he began Laker Airways as a charter firm and was soon making money. After fighting political restrictions on trans-Atlantic charters for several years, Laker had a new idea. "What we want is something simple, like a train," he told his board in 1971. And the rest, as they say, is history.

Authors Eglin and Ritchie, business reporters for the London *Sunday Times,* have obviously done their homework. Their account is lively, detailed, and thorough, reflecting an understanding of both the political context of postwar aviation and the technical aspects of aircraft design and operation. Whether you're an aviation buff or political economist, you'll enjoy the book.

Sugarman's book is less polished and far less detailed. To begin with, it's an autobiography *and* a book of advice to would-be entrepreneurs. But we find here the same sort of risk-taking, imagination, and persistence that characterize Laker's rise. There is Joe Sugarman the recording genius, Joe Sugarman the promoter of the Batman Credit Card, Joe Sugarman the founder of the Great Teeny Bopper Society. All of these ventures were flops. Yet Sugarman persisted in seeking opportunities for creative marketing and promotion.

And in 1971 he found one: the pocket calculator. Craig Corporation was about to introduce, at $240 (remember, this was 1971!) the first electronic pocket calculator. And Sugarman was captivated. Convinced he could market the devices by direct mail, he raised $12,000 from small investors and sent out a test mailing to 10 lists. All but two bombed—but those two made money. Armed with those results and a retail price cut to $180, they mailed to another 400,000 prospects. The orders poured in. JS&A (Joseph Sugarman & Associates) was born, operating out of Sugarman's basement.

More innovations followed: the first mail-order ads for calculators, the first use of a WATS line toll-free number to accept credit card orders, the introduction of many new types of electronic gadgets. The company prospered and, in 1974, bought a modern building of its own. There followed, in 1979, Sugarman's now-famous run-in with the Federal Trade Commission and his "FTC Revolt" ads, which helped generate support for 1980's congressional overhaul of the agency.

After detailing his history of failures and successes, Sugarman sets forth some of the lessons he's learned over the years—his "success forces." They're really quite simple: be honest, learn from your mistakes; don't spread yourself too thin, etc. One would be tempted to dismiss them as mere homilies, were they not distilled from the actual school-of-hard-knocks experience of one so demonstrably successful.

After reading these books you may discover that your nerves aren't up to entrepreneurship. That's nothing to be ashamed of; that's why we have a division of labor. But at the same time, if you're like me, you'll come away with a new appreciation of the value of entrepreneurs to the rest of us—and a heightened resentment at the incredible barriers government puts in their way.

Robert Poole, Jr., is the editor of REASON *and the author of* Cutting Back City Hall *(Universe Books).*

A Pitch for Progress

The War against Progress.
By Herbert E. Meyer.
New York: Storm King Publishers. 1980. 195 pp. $11.95.

Reviewed by John Chamberlain

The war against progress, as Herbert E. Meyer describes it, is the war of a thousand cuts. It is a war being waged by the environmentalists, who are self-proclaimed good guys, against the alleged baddies who would despoil the national domain, poison the air, waste our energy, and kill off the creatures of the sea.

Mr. Meyer realizes that in taking on the serried ranks of the ecologists he will be accused of being against home, mother, decency, and apple pie. The 300 some environmental and conservation groups in the United States are fighting for some pretty unexceptionable things. Who could really want to nuke the whales? Who believes that the best use of California's redwoods would be to provide toothpicks for the boys at Lindy's? Who could oppose the Friends of the Sea Otter or Ducks Unlimited? And who wants to drink contaminated water or test his or her bronchial tubes against excessive car exhaust on the freeways?

The trouble, as Mr. Meyer sees it, is

Book Hints

a selective mention of books received

Authors with a nongovernmental bias seem to be slowly infiltrating the textbook market, most recently with Peter H. Aranson's *American Government: Strategy and Choice* (Cambridge, Mass.: Winthrop Publishers, 1981, 689 pp., $18.95). Aranson analyzes public policies and institutions from the approach that "the fundamental unit of analysis should be the individual human being," and his harsh criticisms of public policy have distressed some more liberal reviewers.

A more specialized text by James D. McCawley, *Everything That Linguists Have Always Wanted to Know about Logic (But Were Ashamed to Ask)* (Chicago: University of Chicago Press, 1981, 508 pp., $12.50 paper), is prefaced with the author's warning that he views logic "as a resource to be exploited according to one's aims rather than as a legal code to be obeyed, and of logicians as merchants and manufacturers of potentially useful products that one is free to buy or not." There follows a quote from Bakunin on the limits of authority (and authorities).

Of more general interest is *Interests and Rights: The Case against Animals* by R. G. Frey (Oxford, N.Y.: Clarendon Press, Oxford University Press, 1980, 176 pp., $24.95). Frey takes the now-unpopular view that the capacity to feel pain cannot be used as the moral basis for animal rights and that animals have neither interests nor desires nor beliefs. He refers to two pieces by Michael Martin on animal rights appearing in *Reason Papers* (Fall 1976 and Winter 1979). *The Philosophy of Human Rights* (Westport, Conn.: Greenwood Press, 1980, 272 pp., $27.50), on the other hand, offers international and historical perspectives on the concept of human rights, including an essay by REASON Senior Editor Tibor R. Machan on the application of human rights to societies emerging from semifeudalism.

Followers of Trends may be familiar with the ongoing United Nations Law of the Sea Conference, which is attempting to set up an "international" governing authority to control the use of a collectivized ocean. Ross D. Eckert's *The Enclosure of Ocean Resources* (Stanford, Calif.: Hoover Institution Press, 1979, 390 pp., $16.95) defends the thesis that national 200-mile-enclosure zones rather than a "public" ocean will more effectively reduce any overexploitation of ocean resources. Two brief examinations of disastrous government interventions are Stuart M. Butler's critique of intervention in the housing industry, *More Effective Than Bombing* (London: Adam Smith Institute, 1980, 23 pp., £1.00), and Rep. Ron Paul's explanation of how the US currency was ruined, *Gold, Peace, and Prosperity* (Lake Jackson, Tex.: Foundation for Rational Economics and Education, 1981, 52 pp., $5.00).

Practical approaches to dealing with governmental encroachments on private lives can be found in these next three books: *How to Totally Avoid Estate Taxes* by Gilbert M. Cantor (Wilmington, Dela.: Enterprise Publishing, 1981, 282 pp., $19.95) expounds the "Cantor Loophole" (Cantor is an attorney and a Harvard Law School graduate), while *Small Claims Court* (Washington, D.C.: HALT–Americans for Legal Reform, 1981, 61 pp., $15/membership is one of five legal manuals that HALT distributes to first-year members. The other step-by-step manuals are on shopping for a lawyer, real estate, probate, and using a law library. Also published by Enterprise is Ted Nicholas's *How to Form Your Own Non-Profit Corporation without a Lawyer for under $75* (1981, 141 pp., $14.95). Like Nicholas's previous down-to-earth how-to books, this one is replete with tear-out forms, sample papers, and relevant addresses.

Also rife with names and addresses (over 400 suppliers) is a catalog for survivalists edited by Martha Henderson, *The Great Survival Resource Book* (Boulder, Colo.: Paladin Press, 1980, 185 pp., $19.95). A more esoteric catalog ranging from the bizarre to the mundane is a new entry from Loompanics, *1981 Main Catalog* (Mason, Mich., 1981, 147 pp., $3.00). Proprietor Michael Hoy warns in his preface that some of the books offered may be revolting to some (*The Executioner's Handbook* indeed!) but, murder and torture section aside, it does offer a listing of some hard-to-find books.

Speaking of which, Prometheus Books brings us a reprint of Houdini's classic exposé *Miracle Mongers and Their Methods* (Buffalo, N.Y., 1981, 240 pp., $13.95) with a foreword by conjuror James Randi. Randi is also a contributor to another Prometheus volume, *Paranormal Borderlands of Science* (1981, 490 pp., $12.95), containing 47 articles that examine the more publicized claims of paranormal phenomena. It is edited by Kendrick Frazier, a former editor of *Science News* and now editor of the *Skeptical Inquirer*. Prometheus has also just published Antony Flew's *The Politics of Procrustes: Contradictions of Enforced Equality* (1981, 216 pp., $16.95.). In it, Flew discusses some of the key topics at issue between libertarians and statists in a down-to-earth yet rigorous manner.

—C. D.

that environmentalists and conservationists keep forgetting that there are other values. Man too has an ecology. Where nature provides a porcupine with quills and a skunk with its scent, the unfortunately tribal human animal needs some fairly complex weapons to discourage his enemies. Bears can hibernate, but men and women, even in the temperate zones, must have heated houses and warm overcoats. Nothing is simple—and to support a lot of necessary things, oil and coal must be burned and metals dug from the ground.

So everything comes down to a sense of proportion and a willingness to think in terms of trade-offs. If you grant people the right to life, they must have the wherewithal to support life. This, for most people, means they must have jobs. And as populations increase, this means a continued search for what used to be called the bounties of nature.

Unlike the Club of Rome or the doomsday criers who have contributed to the previous administration's "Global 2000 Report," Mr. Meyer does not think these bounties are running out. There is such a thing as sustained-yield forestry. Strip-mined acres can be reclaimed for agriculture, parkland, and even golf courses. If oil is a wasting asset, there would seem to be enough coal for generations to come. Nuclear waste can be shrunk by 90 percent and turned into inert solids that can be imprisoned forever in insoluble borosilicate glass.

The partisans of congressional wilderness bills have one thing in their favor: they realize that man has an aesthetic side, which means that an unspoiled view of the Grand Tetons is a positive good. But there is really no great danger that our wilderness resources would be trampled on if our prospectors were to be turned loose to look for oil or shale or hard minerals in the wilderness.

Gen. Alton D. Slay, commander of the Air Force Systems Command, put things in perspective when he testified before the Industrial Readiness Panel of the House Armed Services Committee. Of the 2.3 billion acres of the US land mass, he said, only 6 million acres, or about one-quarter of one percent, are used for mining. Presumably the same ratio would hold if wilderness lands were to be opened to "exploiters." It's a matter of common sense. The chances are infinitesimal that oil will be discovered on Mount McKinley or Mount Shasta or that cobalt lies under enough of Idaho to pose a problem for mountain sheep.

Mr. Meyer convicts the environmentalists of crying wolf all too often. They

wept copious tears for the caribou when engineers were constructing the Alaska pipeline, a mere sliver of man-dictated alteration in an 800-mile-wide wilderness that is the despair of bush pilots looking for landmarks. When last photographed, hundreds of caribou were contentedly grazing under the pipeline. Nature adapts.

And, environmentalists to the contrary, nature has a formidable capacity to fight back. The Connecticut of my youth is reverting to forest; the deer invade what used to be farmland, and raccoons and opossums are everywhere. True, man can make deserts. But when fusion power comes (and there are those at Princeton, New Jersey, who say it is almost here), the commercial distillation of sea water for irrigation will come with it.

Mr. Meyer's major point is that it is wrong to sell the concept of progress short. Capitalism not only creates wealth, it creates the technology to correct mistakes. There is a difference between "no growth" and what might be termed "preened growth." Mr. Meyer makes an incontestable case for the latter.

John Chamberlain is a syndicated columnist and the author of The Enterprising Americans.

letters

(Continued from p. 9.)

the program, we would strongly challenge the author's assertion that "The Federal Railroad Administration will waste $90 million in taxpayer's funds" on the program. Moreover, few analysts would accept that the railroad industry operates in the "free market" mode suggested by the author.

The author's description of the Apache Bridge Project in Arizona is inflammatory but correct in some respects. While this project is by no means typical of other state projects under the program, it met eligibility criteria of the legislation. However, what Semmens fails to explain is that the Federal government urged the state to *loan* the funds to the Apache railroad at whatever interest the state deemed desirable. This procedure would have returned funds to the public treasury for cases of greater need. We wonder why Mr. Semmens did not urge the state to give Apache a loan instead of an 80% grant, or argue as fervently at the state level as he does in this article. In fact, Mr. Semmens wrote and defended a benefit/cost methodology for the state and for the Apache project which simply uses "Revenues less expenses" to determine cost/benefit information. In addition to totally neglecting social costs, this formula ensures that the most profitable companies will show the highest benefit/cost and obtain the most Federal dollars. This amounts to advocacy of welfare for corporations which would seem inconsistent with the rest of Mr. Semmens's philosophy....

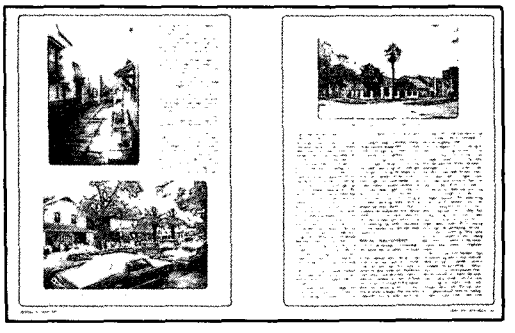
Mr. Semmens's article makes some good points. Benefit/cost figures can be manipulated to produce poor analysis and to serve political purposes. However, we wish to clarify some of the misrepresentations in the article. The author gives no data to back up his generalization that waste occurs throughout the railroad system, with the exception of the Apache project. The author describes some aspects of the benefit/cost methodology incorrectly. Certain transfer payments, for example, are not allowed as part of general benefits under FRA's guidelines. Several of the author's generalizations about the real world of transportation are incorrect. For example, there are rail branchlines in which all rail shipments were replaced by trucking, so this assumption is not as "ludicrous" as the author

Have You Seen...

REASON's report on Houston's land use without zoning?

February 1978 **$1.50**

In this issue a former city planner takes a look at how a city of two million people and vigorous industrial growth thrives without zoning. Economist and Brickbats columnist Thomas Hazlett conducts a lively interview with William E. Simon. Pulitzer Prize winner Felix Morley talks about the founding of *Human Events* and the foreign policy challenges facing the United States after World War II. Paul Craig Roberts lambastes the government's crusade against the productive. Psychologist Steve Barone exposes the seeming innocuousness of compulsory national health insurance. And Viewpoint columnist Edith Efron issues her now-famous warning against libertarian collusion with the left.



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claims. It would take more space than a letter permits to give a detailed reply to the author's generalized critique of benefit/cost analysis.

We would also point out that benefit/cost analysis is only one part of the decision-making process. Many effects of rail service problems are difficult to quantify (it is usually safer to carry hazardous materials by rail than truck, but the value of safety is difficult to measure). Thus, state and Federal governments weigh various priorities including a benefit/cost analysis in attempting to serve the public good.

L. G. Regan
FRA, Western Region
San Francisco, CA

Mr. Semmens replies: The free market *is* the best way of meeting man's material needs. The fact that the market may be imperfect is not the relevant issue in evaluating government intervention. The relevant issue is whether the intervention improves upon the market. The evidence is clear that it does not.

Through government's intervention, resources are diverted from more profitable uses to marginal or sub-marginal uses. The projects which the Federal Railroad Administration likes to fund are those which have been unable to obtain financing through voluntary means. Thus, the FRA seeks to overturn the combined judgment of all the financial decisionmakers throughout the economy. It is not credible that such a procedure enhances the public good.

In February, the National Conference of State Railway Officials sent out a letter urging states to file as many grant applications as possible in order to convince Congress of the "need" for the FRA program. This is hardly a reasoned improvement over the market. This is the same old government waste.

As for the rest of Mr. Regan's comments, my analysis stands as is. Examination of the FRA's *Benefit/Cost Guidelines* substantiates all of the points made in my original article.

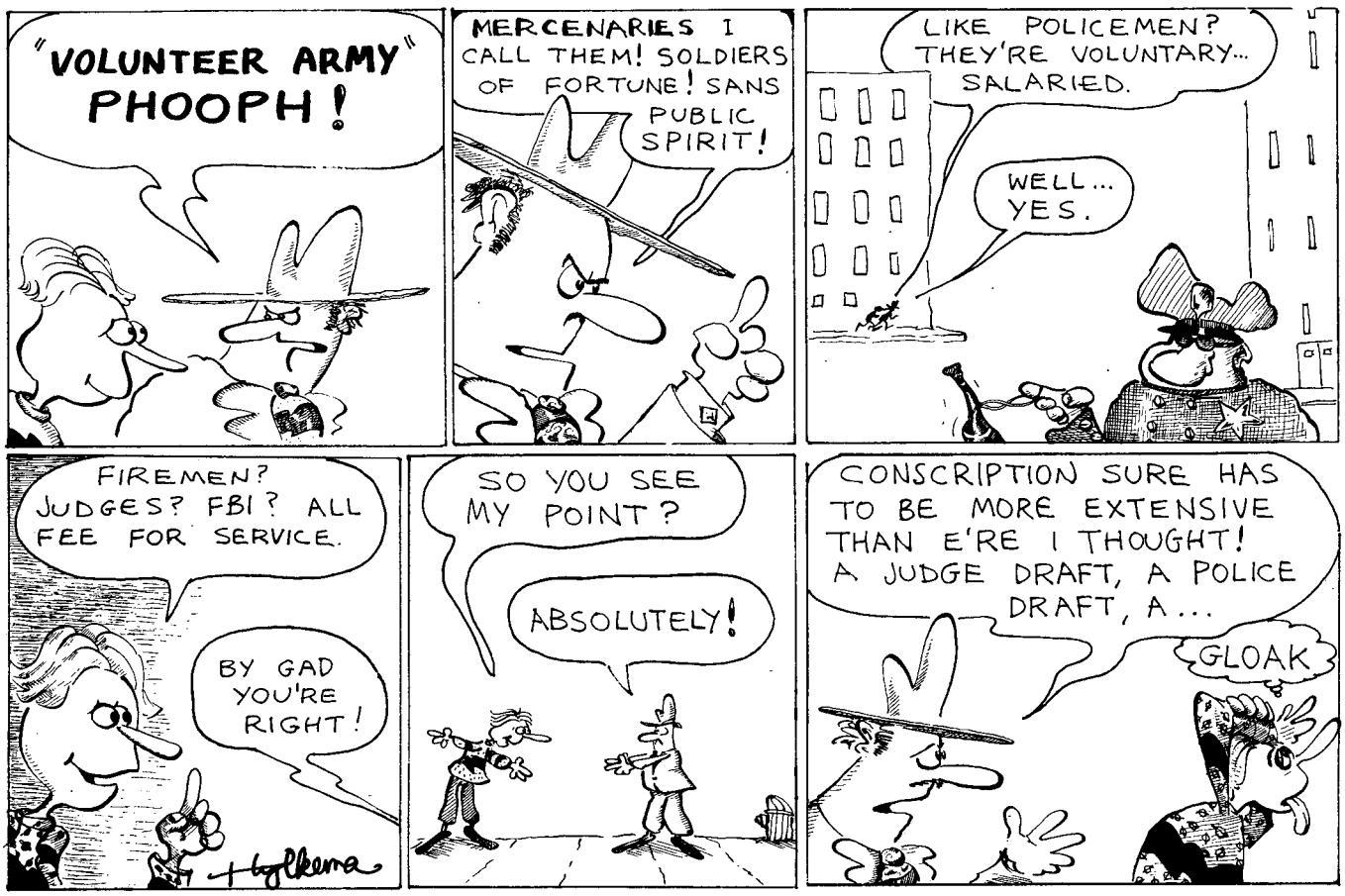
Gilder Glossed Over?

Robert Poole's critique of George Gilder's *Wealth and Poverty* was a little unfair. I got the impression that Gilder related giving and supplying analogically rather than suggesting suppliers were altruistic. Also "faith in the providence of God" does not mean that the faith need be placed in his God, but in the God as understood by the one who has the faith, and therefore takes the actions he takes with hope. Again in the area of reason, faith, and mysticism, the concepts expressed seem to be related by analogy. Aristotle, the first and foremost defender of reason as the vehicle for intellectual growth, recognized the value of intuition (mysticism) as the progenitor of ideas. Not until such intuitively perceived ideas were demonstrable as valid through reason are they to be given ascent (invested in might be the capitalistic economic analogue).

Fred Drugan
San Diego, CA

rudebarbs

Randall K. Hylkema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LIKE POLICEMEN? THEY'RE VOLUNTARY... SALARIED.
WELL... YES.
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SO YOU SEE MY POINT?
ABSOLUTELY!
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THE CLASSIFIED AD DEADLINE FOR THE OCTOBER ISSUE IS AUGUST 1.

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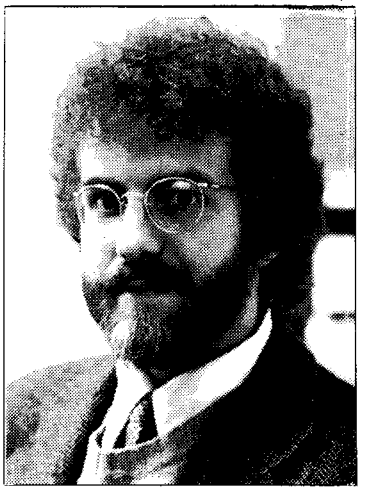
At any given time, a few advisors will recognize—whether by luck or insight, it doesn't matter—genuine market cycles. These advisors will be playing a "hot hand" which could last anywhere from a few weeks to many months. The challenge for the astute investor is to spot the winning strategies and go with them until they play themselves out.

Mr. Hulbert has devised a means to help the investor do so.

Actual Dollar Figures

The *Hulbert Financial Digest* follows more than 30 different investment portfolios. These include portfolios recommended by such well known analysts as Jim Dines, Howard Ruff, Harry Browne, Joe Granville, Martiz Zweig, T.J. Holt, and many others. In addition, many lesser-known (but often more profitable) advisors are followed regularly. By tracking the portfolios on computer and tallying the results monthly, Mr. Hulbert provides *actual dollar figures for the value of the advice given.*



Mark Hulbert

This allows you to judge for yourself the quality of the advice you are following and select the most profitable investment strategy. In short, the *Hulbert Financial Digest* helps you find and follow the "hot hand" among many different investment advisories.

Not only does it help you spot the winners, it also helps you avoid the losers, thus taking some of the risk out of your portfolio while improving its overall performance.

How much do you stand to gain from Mr. Hulbert's information? Plenty. During the last six months of 1980, for example, one of the portfolios tracked by the HFD showed a gain at an annual rate of 160%! By identifying the "hot hand" early, investors were able to realize gains averaging 14% *per month* as long as the cycle continued.

On the other hand, the *Hulbert Financial Digest* revealed that some investors were following advice which was losing them as much as half their portfolios in a single year.

Saves Time As Well As Money

In addition to the financial gain, you'll be able to save a substantial amount of time using Mr. Hulbert's unique service. The *Hulbert Financial Digest* reviews and analyzes the market advice and predictions contained in dozens of the world's foremost advisory newsletters. In just a few minutes each month, you can find out who is saying what . . . and find out who's advice is really paying off.

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